

DEPARTMENT OF STATE BUDGET PRIORITIES FOR FISCAL YEAR 2004

HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTH CONGRESS FIRST SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 13, 2003

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THURSDAY, FEBRUARY 13, 2003

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to call, at 10:07 a.m. in room 210, Cannon House Office Building, Hon. Jim Nussle (chairman of the committee) presiding.

Members present: Representatives Nussle, Shays, Gutknecht, Thornberry, Hastings, Portman, Brown, Putnam, Wicker, Hulshof, Vitter, Bonner, Barrett, McCotter, Diaz-Balart, Hensarling, Brown-Waite, Spratt, Moran, Hooley, Baldwin, Moore, Lewis, Neal, DeLauro, Edwards, Scott, Ford, Capps, Thompson, Baird, Davis, Emanuel, and Majette.

Chairman NUSSLE. The committee will come to order.

This is the House Budget Committee hearing on the Department of State budget for fiscal year 2004.

Before we begin, I would like to welcome Chris Shays to the committee. He has been appointed by the Speaker of the House to be the Speaker's representative on the Budget Committee. He is appointed as the vice chairman. We welcome Chris Shays from Connecticut and other members who have been appointed in the interim period.

Today we are very pleased to have before us again the very distinguished Secretary of State, Colin Powell.

Mr. Secretary, we look forward to hearing your testimony on the President's international affairs budget request for 2004. But before I begin I would like to thank you on behalf of all of us for you taking time to come to the Congress during what must be an amazing period of time, not only for our country, but for the Department of State, and we want to thank you. America is eternally grateful that you are where you are at this moment in our history, and we appreciate that.

It goes without saying that you have a team behind you as well, and everyone at the Department of State is working overtime these days on Middle East peace, on the ongoing war on terrorism, the developing situation in Iraq, as well as a number of other functions carried out by the Department of State that don't make the headlines every day of the week. We thank you and appreciate all of the efforts of the fine people who work for the Department of State.

Today we will look specifically at how the budget addresses the global war on terrorism, the proliferation of weapons of mass de-

struction, HIV/AIDS pandemic and other key initiatives of the Department of State.

Mr. Secretary, as the global war on terrorism continues to unfold, the Department of State faces an increasingly complex task of maintaining and expanding support of the international coalition on the global war on terrorism and providing safe, secure, and functional facilities for the employees at diplomatic missions worldwide. Mr. Secretary, these are very challenging times, but there is no question that our Nation is being well served by the diplomatic team that the President has put together.

Today we will also examine how the President's budget supports international assistance programs, including the increased economic and security assistance for our coalition partners and front-line states on the war against terrorism; expanding the Andean Counterdrug Initiative to stem the flow of cocaine and heroin from Colombia and its Andean neighbors; countering the spread of weapons of mass destruction through a new 10-year, \$20-billion initiative and the G-8 Global Partnership Against the Spread of Weapons of Mass Destruction.

The President's budget also includes the first installments toward an emergency plan for AIDS relief, a 5-year, \$15-billion initiative to turn the tide in the global effort to combat HIV/AIDS. This initiative virtually triples the United States' funding to fight the international AIDS pandemic.

Mr. Secretary, I was just in Africa 3 weeks ago, had the opportunity to help lead a trade delegation to the AGOA Conference, the African Growth and Opportunity Act Conference.

Let me just report to you, Mr. Secretary, first of all, I support the President's goals and initiatives with regards to AIDS and HIV. I was in Namibia in South Africa, visited AIDS clinics. There are 8 million—8 million orphan children in Africa, as the Secretary knows, but for my colleagues' benefit, 8 million children that are orphans, no parents. One-fourth in some countries, one-third in many, and even one-half in some countries of the population has HIV.

The human toll is obvious. In some areas, the goal is keeping mothers alive long enough to get their kids into school, if you can imagine that as the only goal they think being reasonable. Just keeping the kids—keeping the mothers alive long enough to get their kids to the school door.

One of the, I think, lost arguments in favor of this program that I would just like to highlight for the Secretary and for my colleagues is that those 8 million children will grow up to be 8 million young adults in the not-too-distant future, and it will be a recruiting ground of unbelievable proportions for terrorism. That is why I believe we need to support what the President is doing.

I would also like to add that food is an important issue here as well, as the Secretary knows; and I would just like to report to you, Mr. Secretary, that I am shocked at the level of scare tactics that are being used against foods enhanced through biotechnology on the African continent with absolutely no scientific data to back it up. There are 40 colonies of European nations that are using the scare tactics and the non-tariff barrier scare tactics of the Europeans to actually prevent free food through nongovernment organi-

zations from reaching starving people. They are dying as a result of the scare tactics that some in Europe are providing. It is an outrage, and I believe that this country should step forward.

These are scare tactics without any scientific basis, and I support what the administration is doing to promote food getting to hungry people in the African continent. As the Secretary knows, the United States is first in the world—before this budget was introduced, we are first in the world in our efforts to assist with regard to AIDS, HIV/AIDS, as well as food assistance to the African continent.

So I just want to support what the Secretary has put forward. You testified about this last year, you put your words into deeds, and this budget is proof of that. And we appreciate the support that you are providing. We obviously have to find ways to pay for it. We have a budget that has needs in a number of other areas with deficits and challenges with regard to our economy, but that is the job of the Budget Committee, to make sure that that fits.

Mr. Secretary, we face a possible war. Terrorist strikes are still very possible. We face challenges around the globe, as I was just talking about and you have talked about much more eloquently than I have with regard to Africa. With all of that facing us, we appreciate the time that you are spending with us today; and I look forward to your testimony.

With that, I would turn to my friend and colleague, Mr. Moran, for any opening comments he would like to make at this time.

Mr. MORAN. Thank you, Mr. Chairman. Mr. Spratt will join us later. He is in a leadership meeting.

Secretary Powell, you know that both sides of the aisle are members of your fan club, and we appreciate your leadership. This function in the budget is not generally the most politically popular, but it is a critical one, increasingly so. We are all united in this Nation's battle against terrorism. We know that we have to provide for our Nation's security foremost, and this budget and the activity that it supports are fundamental in that effort. Support for the international affairs budget starts right here in this committee, and you can be assured you will have our support in providing whatever is necessary to meet our Nation's goals.

For appropriated international affairs programs, your request is about \$29 billion, about \$3 billion more than the administration's request for last year. I wish I could say more than was actually appropriated last year, but we don't have an appropriations bill. In fact, it is going to come to the floor today, the omnibus conference bill. You might tell us how you feel about that, if there are any particular problems in the State Department area. But it is an 11-percent increase over last year's request.

We want to make sure two things, one, that the resources are adequate to support this Nation's foreign policy goals; and second, does it adequately represent the anticipated costs of our policies. I think many of us are concerned that it may not adequately reflect costs that we know are going to be incurred. For example, the budget doesn't include the humanitarian and reconstruction costs that would arise from a war with Iraq. So we are interested to know what your estimates are that—the cost that might be incurred, how long those costs might be expected to last, and what

percentage of those costs is the United States likely to have to bear.

Additionally, we know that there are discussions going on with a number of our allies about the possibility of additional foreign assistance in connection with the possible war with Iraq. Press reports—and it is not just press reports. Many of us have had meetings with people from Jordan, Turkey, and Israel. That seems absolutely clear that this budget does not reflect any additional assistance for that purpose.

For example, the funding for Israel in the key accounts of foreign military financing and the economic support fund simply reflects the glide path that was established back in 1998, almost 5 years ago. For Jordan, the request includes no increase in the economic support fund relative to the 2003 request and only an \$8-million increase in foreign military financing. For Turkey, there is \$50 million in foreign military financing and \$200 million for the economic support fund, but we know, you know, we know, that there is going to be a much larger assistance package for Turkey. So we would like to know how much of that is anticipated in this budget, whether it be in a 2003 supplemental or in 2004.

We had a defense appropriations meeting with Secretary Rumsfeld yesterday, and the thing that was most noticeable by its absence in his testimony was any money for Iraq. There is nothing in the defense budget for Iraq, and yet we hear reports that we are going to go to war within weeks, not months. We need to be prepared to know and particularly this budget committee needs to get some sense of what it is going to be required to provide in the way of financial resources.

Now there are any number of other questions that I, and I know my colleagues on both sides of the aisle want to ask you, so at this point we ought to get into the testimony, but we would appreciate ensuring that this is as complete and candid an assessment of what resources Function 150 may need now and in the near future.

Thank you, Mr. Secretary.

Chairman NUSSLE. All members at this point in the record will have the opportunity to put in a statement.

[The information referred to follows:]

PREPARED STATEMENT HON. ADAM H. PUTNAM, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF FLORIDA

Mr. Chairman, I am pleased that we have convened today to receive the fiscal year 2004 budget priorities for the U.S. Department of State from Secretary Colin Powell. I am humbled and honored to be here with you, Ranking Member Spratt, and the rest of the committee, to exchange views on the State Department budget for the coming year. Thank you, Secretary Powell, for appearing today to discuss the needs of your Department in this era when it occupies the front lines in the war on terrorism. I want to commend you on your work and the work of all those at the Department that is so crucial in protecting American citizens from future acts of terrorism.

The September 11 attacks shook this Nation's innocence about foreign threats, and your efforts have translated this renewed awareness into more resources for diplomacy. The painstaking work of foreign policy and the indispensable role that diplomacy plays in our strategic effort to win the war on terrorism unfortunately is still lacking from the general American awareness.

Mr. Secretary, even as we convene here to discuss numbers and dollars, there is not a person in this room who is not aware that you are on the eve of a crucial deadline at the United Nations. While we discuss Iraq, North Korea, and the war against terrorism, I urge all of us to keep in mind the connection between the imme-

diate crises and the broader question of our foreign policy capabilities. The ability of our military to defeat Iraq is without question. My concerns are related to our diplomatic position and our reputation with the world at large.

Can we limit anti-American reactions to war in the Arab world? Can we secure allied participation in the work of reconstructing Iraq after a war? Successful answers to these questions depend largely on the diplomatic work done by your Department. They depend upon the work funded by the very budget that we discuss today.

Mr. Secretary, we will do all that is necessary to win the war on terrorism. Our soldiers around the world are fighting—bravely, selflessly, and successfully. However, to continue to win the war against terrorism, the United States must use its economic and diplomatic capabilities to the same extent as its military capabilities.

The investments made in recruiting, embassy security, foreign assistance, and other tools of foreign policy are very important. If we can commit greater resources, prevent the bombing of our embassies, secure peacekeeping efforts, and improve detection of terrorists seeking visas, then we are on the right track. Simultaneously, we need to ensure that weapons of mass destruction are not transferred to terrorists from nation-states, and that we continue to reinvigorate the world's commitment to freedom.

We will win this war when the people of every nation unite and rally against the darkness of terrorism. When the terrorists' message of hate and intolerance no longer strikes a responsive chord in the world and states that harbor emerging threats no longer exist, we will have victory. Military force, no matter how well conceived and dedicated, cannot succeed alone. Military strength coupled with a strong and effective foreign policy will win this war on terrorism.

Finally, Mr. Secretary, on a side note, I must express my utter disgust with the manner in which our European allies have treated their former African colonies with regard to food aid. The pressure they have exerted to prevent American food from reaching starving children because of a baseless concern over biotechnology is sinful. Words cannot adequately express my anger over this matter.

Mr. Secretary, I look forward to your testimony and I am sure you will provide all of us with a clear picture of the State Department's will, capacity, and resources necessary to win the war on terrorism and advance the cause of freedom.

PREPARED STATEMENT AND QUESTIONS FOR THE RECORD OFFERED BY HON. DENISE L. MAJETTE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. Secretary, I would like to personally thank you for taking the time out of your schedule to come before this committee, particularly given the current state of foreign affairs. I applaud your current service and history of service to our Nation—and I do have my passport.

Let me say for the record that I believe our foreign policy must have two components. First, there is a moral component. As the world's most prosperous and powerful nation, we have a moral obligation to use that wealth and power to promote high ideals. We must champion human rights, democracy and economic and social freedom. All those things that have made America great.

Unfortunately, our record in this area is mixed. On the one hand, I am pleased to note that we are the world's leading provider of development assistance and the leading aggregate contributor to international institutions such as the U.N. and the International Atomic Energy Agency. We have done the hardest work in establishing peace around the world, often at the cost of American lives. Yet we have also failed to champion democracy and human rights at times when we should have. This is perhaps because of the second component of our foreign policy.

The second component to our foreign policy is the national interest component. We most promote our national and economic security to preserve our way of life. The moral and national interest components to our foreign policy often conflict, or at least there is sometimes tension between the two. We see this most clearly in our relations with states like China or Saudi Arabia. The natural tension between these elements of our foreign policy has hurt us in our relations around the world. The promotion of our national interest over our moral obligations might explain why many in the Moslem world have failed to appreciate that American soldiers have shed blood in the defense of Moslems in places like Kosovo or Somalia. It might also explain why some of our traditional allies like France and Germany have forgotten that Americans died so that they could be free. It certainly must explain why the Pew Research Center reports that global criticism of the United States is on the rise.

Mr. Secretary, I am convinced that there is a way we can balance the moral and national interest components of our foreign policy in a way that will reaffirm our

status as the world's beacon of democracy. Yet I am concerned that we may not be doing enough in the budget you have presented today to achieve this balance.

IRAQ

Question—This Nation is preparing to spend billions in an effort to bring about regime change in Iraq, but is it also prepared to spend the billions necessary to restore Iraq in its aftermath?

Answer—The United States is committed to assist the Iraqi people in the reconstruction and development of their nation once Saddam Hussein is no longer in power. Iraq's liberation would be the beginning, not the end of our commitment to its people. We will supply humanitarian relief, bring economic sanctions to a swift close, and work for the long-term recovery of Iraq's economy. The United States will ensure that Iraq's natural resources are used for the benefit of their owners, the Iraqi people.

A fundamental advantage that Iraq has is its natural resources that are capable of providing a significant revenue stream to assist the Iraqi people in financing the reconstruction of their country. Once the situation stabilizes, Iraq should be able to restore revenues from oil sales.

Prior to the liberation of Iraq, it is very difficult to estimate what the cost of reconstruction will be and how much the United States will be asked to contribute. Though the coalition military campaign is designed to minimize the impact on Iraqi civilians and the country's economic infrastructure, we cannot predict what Saddam Hussein will do to his own people or national resources. He has proven before that he has no regard for the welfare or wellbeing of the Iraqi people.

The United States is committed to sharing costs with a broad coalition of partners and much work has been done to lay the foundations necessary to move quickly. The Department will quickly seek new Security Council Resolutions to encourage broad participation in the process of helping the liberated Iraqi people build a free and prosperous Iraq.

We will continue to consult fully with the Congress as further information develops in the coming months.

MILLENNIUM CHALLENGE ACCOUNT

Question—More importantly, is it possible to spend more on aid or on programs like the Millennium Challenge Account in a fiscally responsible manner to prevent the types of problems in other regions of the world that we see in Iraq and North Korea today? Is it not cheaper to prevent war than to wage war?

Answer—Economic assistance programs will always be an important part of our country's multifaceted defense strategy. Unfortunately, there are some situations, and I believe that Iraq and North Korea are examples, where problems cannot be solved through economic means, including assistance. Diplomacy is America's preferred means to ensure peace and advance our foreign policy objectives. However, even exhaustive diplomatic efforts cannot always resolve problems and we must resort to other means to defend ourselves and protect our interests. Our Armed Forces are an instrument of national power, but they must be the last resort when nations disagree.

However, in many cases economic assistance has been a very effective tool, and we will continue to use it appropriately throughout the world.

For example, the Freedom Support Act has been a significant factor in promoting stability in the Former Soviet Union. We expect to see similar success in the Near East as we implement the Middle East partnership initiative. We have requested \$145 million for the Partnership Initiative in fiscal year 2004. This money will be used to help develop democracies and pluralism, promote educational reform opportunity, and encourage economic reform and liberalization. While we cannot realistically expect this initiative to prevent every problem in the region, we do expect it to be a significant force for peace and stability in the Middle East.

FUTURE THREATS

Question—What is the potential Iraq of tomorrow, and what are we doing today to address that potential problem?

Answer—The President has said, "The gravest danger to freedom lies at the crossroads of radicalism and technology" (West Point, June 1, 2001). The states that are most likely to threaten us in the future are the rogue states described in the President's National Security Strategy. He identified these as states that brutalize their own people, disregard international law, threaten their neighbors, violate treaties, are determined to acquire weapons of mass destruction, sponsor terrorism, and reject basic human values and reject the values which form the foundation for this

Nation. Confronting the threat of rogue states is a top priority for this administration. Each situation is unique, and we must work carefully to find the course of action in each instance that will promote peace and stability and prevent these states from threatening our security.

In addition, there is an increasing threat from terrorist groups that operate independently of any state. We are working hard on the diplomatic, intelligence, law enforcement, economic and military fronts to deter, disrupt and defeat these terrorist groups. For example, the U.N. 1267 Sanctions Committee has now included over 325 names on its list of individuals and entities whose assets U.N. member states are obligated to freeze because of links to al Qaida and the Taliban. We and our allies have frozen their assets and we continue to work together to halt their operations. This is one of the many ways in which the international community, led by the United States, has acted to stop terrorists and those who support them.

QUESTIONS FOR THE RECORD OFFERED BY HON. ROSA DELAURO, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CONNECTICUT

UNITED STATES' RELATIONSHIP WITH ITS ALLIES

Question—We are currently facing a serious rift with our transatlantic alliance that may or may not be reparable. In view of this, and perhaps prematurely assuming that nations such as France, Germany, and Russia do not join the fight against Saddam Hussein, how do you think the apparent schism with our allies will impact our efforts in the aftermath of the war in Iraq?

Answer—While we are seriously concerned by differences between the United States and some European countries on the best way to achieve our agreed goal of Iraqi disarmament, it is important to point out that a much greater number of European countries support the U.S. position than oppose it. In addition, there are many areas in which the U.S.–European relationship is as strong as ever. These areas include the campaign against global terrorism, promotion of free trade and market economies, and support for democracy and human rights. Our economic relationship with Europe amounts to about \$2 trillion in trade and investment. We work closely with our European friends and allies, including France, Germany, and Russia, on efforts to promote regional stability in the Balkans, the Caucasus, Afghanistan, and the Middle East through the quartet.

The disagreement over Iraq is serious, but we have had disagreements with our European friends before, and we have consistently overcome these hurdles and moved on to continued cooperation.

As far as a potential conflict with Iraq is concerned, beyond the very significant British contribution, a number of countries across Europe and Eurasia have pledged forces and specialized units to the coalition. We are talking privately with many European governments about possible coalition action. In a number of cases, acting on a bilateral basis, we requested and obtained base access and overflight and transit clearances. In fact, the French Foreign Ministry said that they would consider assistance in the event of an Iraqi chemical or biological attack. We also will look to our allies and friends in Europe for post-conflict support, including humanitarian assistance, and reconstruction. As in Afghanistan, we expect that the post-conflict phase in Iraq will be a cooperative effort. Fourteen members of NATO have deployed forces in support of Operation Enduring Freedom in Afghanistan, and we have worked particularly closely with the member states of the European Union. We are exploring with our allies the possibility of a greater role for NATO in the International Security Assistance Force (ISAF).

In Iraq, we plan to work in close partnership with international institutions, including the United Nations, as well as our Allies, partners, and bilateral donors. If conflict occurs, we plan to seek the adoption of new United Nations Security Council resolutions that would affirm Iraq's territorial integrity, ensure rapid delivery of humanitarian relief, and endorse an appropriate post-conflict administration for Iraq. We are also proposing that the Secretary General be given authority, on an interim basis, to ensure that the humanitarian needs of the Iraqi people continue to be met through the Oil for Food Program.

IRAQ

Question—Who is going to be there to help us shoulder the costs of rebuilding Iraq? Further, how will the corrosion of our relations with nations that have been our partners for the past 50 years, affect our global war on terrorism and future foreign policy decisions connected to our national security? What are the estimates of the cost of rebuilding Iraq, particularly if the United States has no support from the allies.

Answer—The United States is committed to assist the Iraqi people in the reconstruction and development of their nation once Saddam Hussein is no longer in power. Iraq's liberation would be the beginning, not the end of our commitment to its people. We will supply humanitarian relief, bring economic sanctions to a swift close, and work for the long-term recovery of Iraq's economy. The United States will ensure that Iraq's natural resources are used for the benefit of their owners, the Iraqi people.

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NORTH KOREA

Question—I am deeply concerned about the threat posed by North Korea, and I have trouble understanding how the administration is handling this crisis. If it is true, as CIA Director George Tenet said yesterday, that North Korea may have one or two nuclear weapons capable of reaching U.S. targets on the west coast, why are we dealing with this seemingly imminent threat with such tentative resolve? How do you justify our forceful case for war with Iraq, which most experts believe does not currently possess nuclear weapons, and our more passive approach and possible minimization of the threat that North Korea poses to our national security?

Answer—North Korea and Iraq represent aspects of the extremely serious problem the President identified in last year's State of the Union Address: the proliferation of weapons of mass destruction and their delivery systems to states with a history of support for aggression and terrorism; there is however, no "one-size-fits-all" solution to the problem.

We are not underestimating the danger inherent in a nuclear-armed North Korea. After discovering that North Korea was covertly pursuing nuclear arms through uranium enrichment technology, we faced the issue head on. We informed the North Koreans in October 2002 that we were aware of their secret program, and that it must be verifiably ended if North Korea wished to enjoy the benefits that accrue to responsible members of the international community. Instead, North Korea lifted the freeze on its nuclear facilities at Yongbon, which use reprocessing technology to produce plutonium for nuclear weapons.

Given North Korea's violations of existing agreements against nuclear arms programs, a new approach is needed that deals with the nuclear question on the Korean Peninsula once and for all. The solution must come with a consensus of those most directly affected by this kind of North Korean activity, including the South Koreans, the Japanese, the Chinese, and the Russians. For that reason, we are actively pursuing a multilateral diplomatic end to the North Korean nuclear program, one that is verifiable and irreversible.

While Iraq has defied the international community for 12 years, we are only at the beginning of a diplomatic process to end North Korea's nuclear program since learning of its violation last year of existing agreements. We are giving diplomacy the opportunity to work, and have good reasons to believe that it will.

HIV/AIDS

Question—I was very glad to hear the President's announcement of a new global AIDS Initiative. The United Nations Joint Program on HIV/AIDS (UNAIDS) estimates that last year 2.4 million Africans died of AIDS-related illnesses, while 29.4 million continue to live with the disease. Heavily affected countries in sub-Saharan Africa are struggling to provide care and treatment for over a third of their populations. In the Caribbean, an estimated 440,000 people are infected with HIV/AIDS,

a number that is continuing to climb. I have several questions regarding the President's announcement of this \$15 billion "new" initiative:

- How much of this is actually new money?
- How is this money going to be spent? I know the funding will come through the State Department, which will have a coordinator who will coordinate funding with other agencies. How much will go through other agencies and how much will go through State?
- I understand that in 2003 the United States is going to contribute about \$250 million to the Global Fund. Will this be enough to meet the needs of the Global Fund? Didn't the Fund request \$2.1 billion from the United States?
- The President's proposal covers 12 countries in Africa and 2 in the Caribbean. Are you providing any funding for countries like China, Russia and India, which have burgeoning epidemics, so that we can take action before the problem explodes as it has in Africa?

Answer—The President's Emergency Plan for AIDS Relief, announced by the President in his State of the Union Address, is a \$15 billion, 5-year plan to prevent 7 million new infections, treat 2 million HIV-infected people with anti-retroviral medications, and care for 10 million HIV-infected individuals and AIDS orphans. Of the \$15 billion, \$10 billion are new, additional resources.

Regarding the role of the coordinator in disbursing funds, we envision that once funds are appropriated, the coordinator will be in a position to decide quickly how the resources will be allocated. The U.S. Agency for International Development (USAID) and the U.S. Department of Health and Human Services (HHS) will continue to play their key roles in helping confront this pandemic.

The administration remains strongly committed to the Global Fund. The 5-year, \$1-billion pledge that is part of the President's emergency plan is the most sustained to date and sends the strong message that our commitment to the Fund is not short-lived. The United States' contributions to the Fund thus far, even without the fiscal year 2003 appropriation, represents roughly a third of all money the Fund has on hand. Pledges by the United States represent 50 percent of all commitments made to date. The United States is the only country to have made three pledges thus far and only two other countries (Germany and Ireland) have even made a second pledge. The United States has shown its commitment; it is now for others to follow suit, especially in Europe, and we are actively encouraging others to do so. The election of Health and Human Services Secretary Tommy Thompson as chair of the Fund's board is further proof that support for the Fund comes from the highest levels of the administration. The Fund has made no request to the United States to contribute \$2.1 billion.

The situation in Africa and the Caribbean is so severe that it qualifies as a crisis and requires special attention, which is the purpose of the Emergency Plan. The countries included in the plan represent 50 percent of the HIV/AIDS burden in the world.

At the same time, Russia, China, and India are of concern and we will continue our normal bilateral efforts in those as well as in other countries. National leadership will be vital in ensuring that the problem does not explode; outside assistance does not work in the absence of leadership from within.

QUESTION FOR THE RECORD OFFERED BY HON. DAVID VITTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

U.N. CONFERENCE ON DISARMAMENT

Question—Is there anything in the administration's budget request that addresses the need for real, fundamental reforms at the United Nations?

Answer—The administration's budget request includes funds for payment of our assessed contributions to the U.N., some of which are channeled to the Office of Internal Oversight Services (OIOS), which conducts and supervises objective audits, inspections, and investigations of U.N. programs and operations. We consider the successful implementation of OIOS as the greatest single U.N. reform of the past decade, and continue to press for sufficient resources for it to accomplish its important work. OIOS's efforts have resulted in significant progress in creating a culture aimed at accountability, efficiency, and effectiveness—making the U.N. a much stronger organization. Implementation of OIOS's recommendations has saved the U.N. and member states millions of dollars.

Although much has already been accomplished in reforming the U.N.; more needs to be done. With our encouragement, the Secretary General (SYG) has committed to implementing better evaluations of programs, which will require staff to be more accountable for their work (with an eye to shrinking or eliminating some programs

that have outlived their usefulness, in order to fund more important programs); establishing a more efficient budget process; and instituting management improvements in several key departments/offices. We will continue to press the SYG to implement these and a number of reforms that he announced last fall including a major review of the Department of Public Information (which the State Department has long considered bloated and inefficient), as well as other efforts to improve the flow of information and save money (e.g., by consolidating some offices).

We also plan to expand our efforts to place more Americans in the U.N. system, which we believe is not only a matter of our fair share relative to our financial contributions to the U.N., but something which will increase its efficacy.

QUESTION FOR THE RECORD OFFERED BY ROGER F. WICKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

THE GOALS OF THE WAR ON TERRORISM

Question—The events of September 11 have committed our Nation to fighting an enemy unlike any we have ever faced. This loose network of radical Islamic terrorists does not restrict its recruitment to the slums of the Middle East; its presence is alive throughout Europe, Southeast Asia, and even here in the United States.

What are our goals in this conflict and with no real lines of demarcation, when will we know if we have achieved those goals?

Answer—The goals of the war on terrorism are first, defeat terrorist organizations; second, deny sponsorship, support, and sanctuary to terrorists; third, diminish the underlying conditions that terrorists seek to exploit; and fourth defend the United States, our citizens, and our interests from terrorist attacks. No hard and fast timeline can be placed on this campaign. As the President has said on numerous occasions, this will be a long struggle, requiring the United States and its partners to bring all the tools of government to bear consistently over time to be successful. We will not rest until all terrorist groups that threaten our way of life have been found, disrupted, and defeated.

THE COMMITMENT ON THE WAR ON TERRORISM

Background—The tools for the war on terror will not be limited to military armaments. We will have to continue to make significant commitments in humanitarian aid and foreign assistance. This year the President's budget commits more than \$25.6 billion or approximately .2 percent of the gross domestic product to international affairs.

Question—Does this amount show a sufficient commitment to achieving our objectives in the war on terrorism and if not what percentage will be necessary to achieve our desired goals?

Answer—The President's budget request for fiscal year 2004 reflects my Department's needs for the year. Fighting terrorism, however, is a fluid challenge. If other needs develop, the administration will work with Congress to ensure that the United States has the tools it needs to counter the threat of terrorism effectively.

NUCLEAR PROLIFERATION

Question—The instability of the world has increased the risk and, by that, the possible consequences of nuclear proliferation. Could you comment on our country's efforts to reduce the risk of nuclear proliferation and do you believe that we have made a sufficient commitment to reducing these threats?

Answer—We are vigorously pursuing strong policies and programs to reduce the risks of nuclear proliferation. We want to reduce the availability of dangerous nuclear materials and know-how, as well as reduce the demand for them.

On the supply side, we are focusing on the still sizable residual stocks of dangerous materials from the massive nuclear weapons establishment of the former Soviet Union. The Departments of Energy, Defense, and State have collaborated under the Cooperative Threat Reduction and other authorities, to lock down threats that arose from the former Soviet arsenal. This administration has accelerated funding for a number of projects, although there remains much more still to do, and we must continue boldly down this path. The United States is spending nearly \$1 billion a year to improve security at Russian storage facilities, to consolidate stored fissile materials, to stop new production and to purchase or down-blend former nuclear weapons material to reduce supply. My State Department team provides the diplomatic lead for several threat reduction programs of the Defense and Energy Departments. Early this month, Energy Secretary Abraham signed the Plutonium Production Reactor Agreement, which will lead to permanent closure of Russia's three plu-

tonium production facilities. Also, the State Department itself runs the International Science Centers in Russia and Ukraine, which employ former Soviet weapons scientists in peaceful, commercial projects—to reduce the temptation for those scientists to hire themselves out to proliferators.

Beyond Russia and the other states of the former Soviet Union, we also run two important global programs. One is the Nonproliferation and Disarmament Fund (NDF), which tackles tough, urgent problems, such as the removal of highly enriched uranium from Vinca, in Serbia to safe storage in Russia. The NDF has also created a computer system, “Tracker,” that already enables nine countries and 66 ministries to inventory and account for weapons-sensitive exports, and is expanding.

Second, our Export Control and Related Border Security Assistance Program (EXBS) runs programs in 35 countries, aiming to help our partners control the flow of dangerous technologies and materials in the most dangerous parts of the world.

Another important area is our partnership with the International Atomic Energy Agency (IAEA), whose safeguards program aims to ensure that civilian nuclear facilities remain exactly that—civilian—and to enable the IAEA to ferret out covert weapons efforts. We are prepared to back tough safeguards with increased funding.

We are constantly working to make the international nuclear nonproliferation regimes more effective. We are aggressively engaged in multinational efforts to strengthen export control partnerships such as the Nuclear Suppliers Group and the Zangger Committee. But that is not enough. We also are pressing the importance of other governments protecting their security interests as well as ours by exercising greater scrutiny over their exports and to use their diplomacy more actively to dissuade proliferators. But we have other tools as well, when appropriate: interdiction, sanctions and positive measures, such as the commitment of G-8 leaders last summer to a new Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. Under the Global Partnership, the leaders pledged to raise \$20 billion over the years for cooperation on nonproliferation, disarmament, nuclear safety, and counterterrorism projects, initially focused on Russia. We are working to encourage full implementation of that initiative.

On the demand side, the bedrock of countering the nuclear threat remains adherence to the Nuclear Nonproliferation Treaty (NPT). The news has been grim from South Asia, Iran, Iraq, and North Korea, but most of the 188 nations inside the NPT (India and Pakistan are not signatories) have made irrevocable decisions to forgo the nuclear option. Several states have actually turned back from nuclear weapons programs, others have abandoned weapons inherited at the fall of the Soviet Union. We will stick, firmly, by the treaty, and the IAEA safeguards programs necessary to give confidence to it. Meanwhile, we are pursuing vigorous diplomacy to unite the international community to turn back the nuclear weapons ambitions of Iran and North Korea, even as we carefully monitor their actions.

India and Pakistan are two very different countries with which we are pursuing boldly different relationships. Ongoing tensions between them make especially important their controls on sensitive technologies, and we are also mindful that nuclear weapons could be used, either intentionally or accidentally, in a crisis. We discuss these issues regularly with both governments, weighing our mutual interest in cooperation against our obligations under the NPT, U.S. law and our commitments to international regimes.

Chairman NUSSLE. Mr. Secretary, welcome back to the Budget Committee. We sincerely do appreciate the time you are spending with us today, and you are welcome to proceed with your testimony.

STATEMENT OF SECRETARY OF STATE COLIN L. POWELL

Secretary POWELL. Thank you very much, Mr. Chairman. I thank you for your opening remarks and you, too, Mr. Moran.

Let me begin by telling you what a pleasure it is for me to be back. I am not kidding. I am glad to be here; you are the IG. It is my responsibility to appear before the Congress to tell you why we need the funds that you are going to provide to us and how we are going to use them, how we are going to be good stewards of the people's treasury, make sure we apply it in the right way, and that we are good managers of the funds that you provide us.

Let me also express my sincere thanks for the support that this committee and, frankly, all Members of Congress have provided to the State Department over the last couple of years. We have seen some real improvements in the management of our people, in the way we are running our overseas building operations, what we are doing with information technology—I will talk about all of that in a moment—but we could not do any of this if we did not have the support of Congress.

As was mentioned by Mr. Moran a minute ago, it is not always politically attractive to support our efforts. I am going to help you make it politically attractive. This function really does support the American people and their dreams and aspirations for a better, more peaceful world.

Some of the issues that the chairman talked about with respect to HIV/AIDS and poverty and famine, all of which are interlinked, which I will get into, ultimately affect the American people. A stable world of people committed to democracy and economic freedom and our supporting those efforts through such programs as the Millennium Challenge Account, which I will also talk about, ultimately, this benefits the American people. We are no longer isolated.

If I could figure out a way to get rid of the term “foreign aid,” I would do it. It is probably too embedded in literature and history, but it isn’t an accurate reflection of what these funds are really used for.

What I would like to do, Mr. Chairman, is talk to the specific issues you mentioned in a moment. But I would like to offer my prepared testimony for the record and then do a summary of that testimony. Then we can get right into your questions and answers.

Mr. Chairman and members of the committee, I am pleased to appear before you to testify in support of the President’s international affairs budget for fiscal year 2004. Funding requested for 2004 for the Department of State, USAID, and other foreign affairs agencies is \$28.5 billion.

The President’s budget will allow the United States to target security and economic assistance to sustain key countries supporting us in the war on terrorism and helping us to stem the proliferation of weapons of mass destruction.

Funds will also allow us to launch the Millennium Challenge Account, a new partnership generating support to countries that rule justly, that invest in their people and encourage economic freedom.

It will also allow us to strengthen the United States and our global commitment to fighting HIV/AIDS and alleviating humanitarian hardships.

It will also allow us to combat illegal drugs in the Andean region of South America, as well as bolster democracy in one of that region’s most important countries, Colombia. It will reinforce America’s world-class diplomatic force, focusing on the people, places and tools needed to promote our foreign policies around the world.

I am particularly proud of that last goal, and I am particularly committed to that last goal. Mr. Chairman, for the past 2 years I have concentrated on each of my jobs: primary foreign policy advisor, and chief executive officer—the boss—the leader of the State

Department. And that last goal connects to my leadership responsibilities to make sure that we have a world-class diplomatic force.

We are asking for \$8.5 billion of the \$28.5 billion overall request to run the Department of State. Let me give you some highlights of that and begin with our diplomatic readiness initiative, an initiative to bring more people into the Department. With your assistance, we will hire another 399 professionals this year, the same number as last year; and over a 3-year period it will result in the addition of 1,100 professionals, Foreign Service Officers, civil servants and others, to support the Department's efforts around the world.

I cannot tell you how important this single initiative is to the morale of the Department, but beyond the morale of the Department, the esprit de corps of the Department, it allows us get our job done. During the 1990s, there were years when no one was hired into the Foreign Service. This was a disaster. You can't have a professional service that doesn't have blood, fresh blood, fresh life, coming into it.

Even when I was chairman of the Joint Chiefs of Staff and I was cutting 500,000 troops out of the force structure at the end of the cold war, we still were bringing in second lieutenants and privates. Why? Because if you want a battalion commander in 15 years, you have to bring in a second lieutenant today. If you want a squad leader in 9 years, you have to hire a private today. Yet in the State Department, even though we know we are going to need ambassadors in the future, we are going to need political counselors in the future, we are going to need all of those professionals in the future, we stopped hiring for years.

We turned that around. Over the last 2 years we have given the Foreign Service written exam to 80,000 young Americans; 80,000 young Americans have stood up and said, I want to be a part of this outfit. I want to be a part of America's diplomatic force. I want to be part of our diplomatic offensive troops, out there taking our case to the world; 80,000 youngsters have signed up to take this test. Some of them are not such youngsters. Some of them are kind of old geezers like me, but they all wanted to serve the country.

The last time we gave the test, 38 percent who passed were minorities. We are drawing from all parts of America's great diversity so that the State Department, USAID increasingly and all of our other agencies increasingly look like America and, look like the rest of the world as well.

Nothing would be more disastrous to my efforts than to have somebody say, sorry, we are going to line that item out. You can't hire anybody.

Don't do that. I know you won't. This committee wouldn't ever think of doing such a thing, but it has been done in the past. Please support my Diplomatic Readiness Initiative with all the energy you can muster.

It also gives me flexibility to deal with surges, problems that come along, and not constantly stealing from one office or embassy to take care of a new problem that just emerged in another office or embassy. It gives me some flexibility to train people so that I can take them out of their assignments, send them to school, get the qualifications they need, in an increasingly complex world, to

get econ officers trained and information specialists trained and get language training. I need some flexibility in the force, and the Diplomatic Readiness Initiative does that for us.

Second, I promised to you a couple years ago that I was going to make information technology available to every single member of the State Department. Everybody in the Department at every embassy, every mission, I don't care where they are, they are going to have an Internet-capable computer, classified/unclassified, on their desk, so that they can be in this fast-moving world that we live in.

It was illustrated to me again last week when I spoke at the U.N. within minutes after my speech, Ambassador Boucher, my press spokesman, and the whole international information program part of the Department of State, was translating it—immediately uploading it, downloading it, backloading it, sending it to every embassy in the world, and in every language we could think of. We had brochures coming out to get the message out and every ambassador being instructed to go talk to your counterparts about what the Secretary said. It is instantaneously done now, and that is the way the world is.

Looking at the papers the day after my presentation, the picture of me holding a little vial, for example, but the picture that touched me the most was the picture that was either in the Post or Times. It was a picture of an aircraft carrier ready room. One of those ready rooms from the old war movies. All those pilots sitting there, getting their instructions on their little clipboards to go out and fly their mission. But in this instance, in this pilot ready room—they looked like F-18 pilots—and they were sitting there all looking at a screen in front of them that was of me the day before making my presentation at the U.N.

A lot of people watched this presentation with interest. These guys had more than a passing interest because I was talking about their lives, and what they might be doing in the near future. They were not waiting to read it in tomorrow's newspaper, or waiting for some brilliant talking head to tell them what they saw. They were watching it in real time, instantaneously in the Persian Gulf, aboard an aircraft carrier while I was saying those words. That is the nature of modern information technology and modern communications, and I have to make sure that every service person in the State Department has access to that kind of information technology so that they can do their job. It is for that reason we are making such an investment in modern information technology throughout the Department of State.

Finally, with respect to my CEO role, I would touch on one other area. There are lots of things I could talk about and will in response to your questions, but I want to talk about something that the chairman talked about, and that was our overseas building operations. How we build our embassies and how we take care of our people, how we secure our facilities and thereby secure our people.

Our people live and work in danger. I lost three members of my State Department family to terrorism last year. I have got to take care of our troops just like the military takes care of its troops with force protection. We spend \$1.5 billion a year on our embassy programs. They are now under the control of Gen. Chuck Williams, an

old friend of mine of many years' duration, who is a Corps of Engineers officer in the Army and is a master of modern construction techniques and knows everything that is going on in the civilian side of construction. We are bringing the best practices from the civilian world into our overseas building operation.

Our new embassies are now being completed on time, and significantly under cost. A program that I think was in some disarray—and members of this committee pointed that out to me when I took over—I think is now being run in a very efficient way, and we are looking for even better ways to make sure that we are spending that money properly.

Mr. Chairman, as the principal foreign policy advisor to President Bush, I have budget priorities that are a little bit different, of course, than my CEO priorities. These have to do with our foreign policy issues. The 2004 budget proposes several initiatives in this regard that will serve to advance U.S. national security interests and preserve American leadership. The 2004 foreign ops budget that funds programs for State, USAID and other foreign affairs agencies is \$18.8 billion. Today, our number one priority is to fight and win the global war on terrorism. This budget request furthers this goal by providing economic, military and democracy assistance to key foreign partners and allies, including \$4.7 billion to countries that have joined us in the war on terrorism.

Of this amount, the President's budget provides \$657 million for Afghanistan, \$460 million for Jordan, \$395 million for Pakistan, \$255 million for Turkey, \$136 million for Indonesia, and \$87 million for the Philippines.

As was noted by Mr. Moran, of course there are other programs being looked at. There are other needs we will have that are not in the President's budget at the moment and will have to be dealt with by supplemental funding at some point in the future.

In Afghanistan, the funding will be used to fulfill our commitment to rebuild Afghanistan's road network. In addition, it will establish security through a national military and national police force, establish broad-based and accountable governance throughout democratic institutions and throughout an active civil society in Afghanistan, ensure a peace dividend for the Afghan people through economic reconstruction; and we will work closely in all these efforts with the United Nations and other international donors.

That is kind of a bureaucratic statement, but the reality is we should be very proud of what we have done in Afghanistan over the past year and a half. The glass may be half full or half empty, depending on your point of view, and it is still a fragile situation. Al Qaeda and Taliban elements are still on the loose, and we are chasing them down. General Franks and his troops are still working that problem.

But when you look at what we have accomplished, we have put in place a new government, responsive to the people. A Loya Jirga has been held. They are getting ready for full elections in the not-too-distant future. We are constructing roads that connect this country together once again, economically and politically. We are training a national army that is now starting to send battalions out to other parts of the country to provide stability. A million people

have returned to Afghanistan, who were refugees in camps in Pakistan and elsewhere. We have allowed women to participate in the life of Afghanistan. It is incredible. Schools are going up. Hospitals are going up. The international community is unified behind this effort.

Even though there are still very difficult days ahead for Afghanistan, we should be proud about what we have done since we took out the Taliban and put al Qaeda on the run.

Mr. Chairman, I also want to emphasize our efforts to decrease the threats posed by terrorist groups, rogue states and other nonstate actors, with regard to weapons of mass destruction and related technology. To achieve this goal we have to strengthen our partnerships with countries that share our views in dealing with the threat of terrorism and in resolving regional conflicts.

The 2004 budget requests \$35 million for the Nonproliferation and Disarmament Fund, more than double the 2003 request, increases funding for overseas export controls and border security to \$40 million, and supports additional funding for science centers and bio-chem redirection programs.

Funding increases requested for these programs will help us prevent weapons of mass destruction from falling into the hands of terrorist groups or states. It will do so by preventing the movement of these kinds of technologies across borders and by destroying or safeguarding known quantities of such weapons or source material in various states such as some of the former states of the former Soviet Union.

The science centers and bio-chem redirection programs support the same goals by engaging former Soviet weapon scientists and engineers in peaceful scientific activities. To not allow the knowledge they have in their head to be used for the wrong purposes but to give them an opportunity to use that knowledge for good and to help their own society sbenefit from such knowledge and not use it for weaponry.

The budget also promotes international peace and prosperity by launching the Millennium Challenge Account, funded at \$1.3 billion. Frankly, this will be a brand-new kind of development aid; assistance to nations in need. It will go to developing nations, but the difference between it and previous foreign assistance, is that this will go to those nations that have made a commitment to democracy, that believe in the rule of law and are demonstrating that belief, that are rooting out corruption, that are committed to economic market activity and that will build the infrastructure of their society to teach children the skills they need for a 21st century economy. In other words, those countries that have said, we are now going to move down the right path. We need to help.

The Millennium Challenge Account help will go to those countries greatest in need but also who have made this commitment to the right kind of governance and to the values that I have just described; and it will go to helping them build their infrastructure, education, clean water, health care systems, those things needed to improve the ability of their people to join in the 21st century world.

This budget also offers hope and a helping hand to countries facing health catastrophes, poverty, despair and humanitarian disas-

ters. The budget includes more than \$1 billion to meet the needs of refugees and internally displaced peoples.

The budget also provides more than \$1.3 billion to combat the global HIV/AIDS epidemic. The President's total budget for HIV/AIDS is \$2 billion, which includes the first year's funding for the new emergency plan for HIV/AIDS relief that he announced in his State of the Union Address. Those funds will target 14 of the hardest hit countries in Africa and the Caribbean.

We should be very proud about what we have been doing as a nation over the last 2 years. Participating with the global health fund, working with the Secretary General, Kofi Annan, the President's program with respect to helping mothers with the antiviral drugs, mother-to-child transmission, and now with the President's new global initiative directed at these 14 specific nations.

The chairman talked about this in his opening remarks, and I couldn't agree with him more that HIV/AIDS in sub-Saharan Africa, the Caribbean, and other parts of the world will become a serious problem, including India, China. That is the major challenge before the world today. Notwithstanding all of the other crises we are facing, nothing rises to the challenge that we are presented through this horrible disease and the related diseases that come along with it.

When people start to be weakened by this virus and when they are also weakened by poverty, when they are weakened because they can't grow food because there is drought or because there are bad political policies or stupid policies having to do with denying biotechnology to enhance food production, it all links together. Poverty, famine, HIV/AIDS and other infectious diseases, these all come together to create a catastrophe that is facing the world. It's something that the United States recognizes, and we are doing a lot about, but it is something the whole world needs to recognize and do something about.

I am pleased, Mr. Chairman, that you and members of this committee are committed to helping us do something about it. It is a challenge for the American people, a challenge we must not step aside from.

Anybody who has traveled in sub-Saharan Africa knows exactly what you were talking about earlier, Mr. Chairman. Orphans—orphans who are sitting there without care providers, without education. Their teachers are dying at a faster rate than the parents are. A whole level of society being removed at the sexually active level, who are also those individuals at the peak of their capacity to contribute to society, 20 through 40. They are supposed to be getting skills, they are supposed to be working, they are supposed to be providing the economic activity within that society. They are being taken out, and you are left with orphans and grandparents.

This is not only a health problem. It is societal problem, a political problem, a destabilizing problem. It leads to terrorism, as you noted, Mr. Chairman, and it leads to all other sorts of social pathologies that, if we don't do something about, we are going to pay the consequences of at some point in the future. I certainly applaud your commitment and the commitment of all the members of this committee to help us attack this multifaceted problem in every way that we can.

Mr. Chairman and colleagues, the budget also includes half a billion dollars for Colombia. This funding will support Colombian President Uribe's unified campaign against terrorists and the drug trade. To accomplish his goals and to help him requires more than simply funding Colombia itself. We need to help him with the surrounding countries, and that is why our total Andean Counterdrug Initiative, to help Colombia and the other nations in the region, is \$731 million. This will also include resumption of the air bridge denial program, to stop internal and cross-border aerial trafficking.

Mr. Chairman, members of the committee, to advance America's interest around the world, we need the dollars in the President's budget for fiscal year 2004.

To Mr. Moran's point, we need the omnibus bill badly, quickly, soon for 2003; and we hope that action will take place in the next day or two so that we can get on with our efforts and on with our programs.

We have no specific additional needs that we would like to identify for you at this moment, Mr. Moran, but I will go back, check and see if there is any gap or any problem that we have that we should bring to your attention.

Mr. Chairman, I think I will stop at this point. We all know that we are living in difficult times, but we are also living in times of enormous opportunity. While we worry about Iraq, the Middle East, North Korea, and the other issues that I am sure we will be discussing here today, I also lean back late at night and think about the opportunities presented by the end of the cold war and the defeat of communism, the defeat of fascism, and the fact that it is democracy and free economic market programs and philosophies that are moving countries in the right direction. We have got to be there to help them. We help them by providing a security shield with our wonderful military forces around the world, but we also help them by what your State Department and all of its related agencies do every single day.

We also help them when Members of our Congress travel and learn about what is going on in these sometimes seeming faraway places. This Secretary of State will never criticize any Member of Congress for traveling and taking your staff with you and taking other Members of Congress with you. In my judgment, they are not junkets. They are an essential part of our foreign policy operation around the world. And anybody that doesn't have a passport, I have passport applications with me and I am more than happy to provide them.

Thank you, Mr. Chairman.

Chairman NUSSLE. Thank you, Mr. Secretary.

[The prepared statement of Secretary Powell follows:]

PREPARED STATEMENT OF HON. COLIN L. POWELL, SECRETARY, U.S. DEPARTMENT OF STATE

Mr. Chairman, members of the committee, I am pleased to appear before you to testify in support of the President's International Affairs budget for fiscal year 2004. Funding requested for fiscal year 2004 for the Department of State, USAID, and other foreign affairs agencies is \$28.5 billion.

The President's budget will allow the United States to:

- Target security and economic assistance to sustain key countries supporting us in the war on terrorism and helping us to stem the proliferation of weapons of mass destruction;

- Launch the Millennium Challenge Account—a new partnership generating support to countries that rule justly, invest in their people, and encourage economic freedom;
- Strengthen the U.S. and global commitment to fighting HIV/AIDS and alleviating humanitarian hardships;
- Combat illegal drugs in the Andean Region of South America, as well as bolster democracy in one of that region's most important countries, Colombia; and
- Reinforce America's world-class diplomatic force, focusing on the people, places, and tools needed to promote our foreign policies around the world.

I am particularly proud of the last bullet, Mr. Chairman, because for the past 2 years I have concentrated on each of my jobs—primary foreign policy advisor to the President and Chief Executive Officer of the State Department.

Under my CEO hat, we have been reinforcing our diplomatic force for 2 years and we will continue in fiscal year 2004. We will hire 399 more professionals to help the President carry out the Nation's foreign policy. This hiring will bring us to the 1,100-plus new foreign and civil service officers we set out to hire over the first 3 years to bring the Department's personnel back in line with its diplomatic workload. Moreover, completion of these hires will allow us the flexibility to train and educate all of our officers as they should be trained and educated. So I am proud of that accomplishment and want to thank you for helping me bring it about.

In addition, I promised to bring state-of-the-art communications capability to the Department—because people who can't communicate rapidly and effectively in today's globalizing world can't carry out our foreign policy. We are approaching our goal in that regard as well.

In both unclassified and classified communications capability, including desktop access to the Internet for every man and woman at State, we are there by the end of 2003. The budget before you will sustain these gains and continue our information technology modernization effort.

Finally, with respect to my CEO role, I wanted to sweep the slate clean and completely revamp the way we construct our embassies and other overseas buildings, as well as improve the way we secure our men and women who occupy them. As you well know, that last task is a long-term, almost never-ending one, particularly in this time of heightened terrorist activities. But we are well on the way to implementing both the construction and the security tasks in a better way, in a less expensive way, and in a way that subsequent CEOs can continue and improve on.

Mr. Chairman, let me give you key details with respect to these three main CEO priorities, as well as tell you about other initiatives under my CEO hat:

THE CEO RESPONSIBILITIES: STATE DEPARTMENT AND RELATED AGENCIES

The President's fiscal year 2004 discretionary request for the Department of State and Related Agencies is \$8.497 billion. The requested funding will allow us to:

- Continue initiatives to recruit, hire, train, and deploy the right work force. The budget request includes \$97 million to complete the Diplomatic Readiness Initiative by hiring 399 additional foreign affairs professionals. Foreign policy is carried out through our people, and rebuilding America's diplomatic readiness in staffing will ensure that the Department can respond to crises and emerging foreign policy priorities. This is the third year of funding for this initiative, which will provide a total of 1,158 new staff for the Department of State.

- Continue to put information technology in the service of diplomacy. The budget request includes \$157 million to sustain the investments made over the last 2 years to provide classified connectivity to every post that requires it and to expand desktop access to the Internet for State Department employees. Combined with \$114 million in estimated expedited passport fees, a total of \$271 million will be available for information technology investments, including beginning a major initiative—SMART—that will overhaul the outdated systems for cables, messaging, information sharing, and document archiving.

- Continue to upgrade and enhance our security worldwide. The budget request includes \$646.7 million for programs to enhance the security of our diplomatic facilities and personnel serving abroad and for hiring 85 additional security and support professionals to sustain the Department's Worldwide Security Upgrades program.

- Continue to upgrade the security of our overseas facilities. The budget request includes \$1.514 billion to fund major security-related construction projects and address the major physical security and rehabilitation needs of embassies and consulates around the world. The request includes \$761.4 million for construction of secure embassy compounds in seven countries and \$128.3 million for construction of a new embassy building in Germany.

- The budget also supports management improvements to the overseas buildings program and the Overseas Building Operations (OBO) long-range plan. The budget proposes a Capital Security Cost Sharing Program that allocates the capital costs of new overseas facilities to all U.S. Government agencies on the basis of the number of their authorized overseas positions. This program will serve two vital purposes: first, to accelerate construction of new embassy compounds and second, to encourage Federal agencies to evaluate their overseas positions more carefully. In doing so, it will further the President's Management Agenda initiative to rightsize the official American presence abroad. The modest surcharge to the cost of stationing an American employee overseas will not undermine vital overseas work, but it will encourage more efficient management of personnel and taxpayer funds.

- Continue to enhance the Border Security Program. The budget request includes \$736 million in Machine Readable Visa (MRV) fee revenues for continuous improvements in consular systems, processes, and programs in order to protect U.S. borders against the illegal entry of individuals who would do us harm.

- Meet our obligations to international organizations. Fulfilling U.S. commitments is vital to building coalitions and gaining support for U.S. interests and policies in the war against terrorism and the spread of weapons of mass destruction. The budget request includes \$1 billion to fund U.S. assessments to 44 international organizations, including \$71.4 million to support renewed U.S. membership in the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

- Support obligations to international peacekeeping activities. The budget request includes \$550.2 million to pay projected U.N. peacekeeping assessments. These peacekeeping activities ensure continued American leadership in shaping the international community's response to developments that threaten international peace and stability.

- Continue to eliminate support for terrorists and thus deny them safe haven through our ongoing public diplomacy activities, our educational and cultural exchange programs, and international broadcasting. The budget request includes \$296.9 million for public diplomacy, including information and cultural programs carried out by overseas missions and supported by public diplomacy personnel in our regional and functional bureaus. These resources are used to engage, inform, and influence foreign publics and broaden dialogue between American citizens and institutions and their counterparts abroad.

The budget request also includes \$345.3 million for educational and cultural exchange programs that build mutual understanding and develop friendly relations between America and the peoples of the world. These activities establish the trust, confidence, and international cooperation with other countries that sustain and advance the full range of American national interests.

The budget request includes \$100 million for education and cultural exchanges for states of the former Soviet Union and Central and Eastern Europe, which were previously funded under the FREEDOM Support Act and Support for East European Democracy (SEED) accounts.

As a member of the Broadcasting Board of Governors, I want to take this opportunity to highlight to you the BBG's pending budget request for \$563.5 million. Funding will advance international broadcasting efforts to support the war on terrorism, including initiation of the Middle East Television Network.

Mr. Chairman, I know that your committee staff will go over this statement with a fine-tooth comb and I know too that they prefer an account-by-account laydown. So here it is:

DIPLOMATIC AND CONSULAR PROGRAMS (D&CP)

- The fiscal year 2004 request for D&CP, the State Department's chief operating account, totals \$4.164 billion.

- D&CP supports the diplomatic activities and programs that constitute the first line of offense against threats to the security and prosperity of the American people. Together with Machine Readable Visa and other fees, the account funds the operating expenses and infrastructure necessary for carrying out U.S. foreign policy in more than 260 locations around the world.

- The fiscal year 2004 D&CP request provides \$3.517 billion for ongoing operations—a net increase of \$132.7 million over the fiscal year 2003 level. Increased funding will enable the State Department to advance national interests effectively through improved diplomatic readiness, particularly in human resources.

- The request completes the Secretary's 3-year Diplomatic Readiness Initiative to put the right people with the right skills in the right place at the right time. New D&CP funding in fiscal year 2004 of \$97 million will allow the addition of 399 pro-

professionals, providing a total of 1,158 new staff from fiscal year 2002 through fiscal year 2004.

- The fiscal year 2004 D&CP request also provides \$646.7 million for Worldwide Security Upgrades—an increase of \$93.7 million over last year. This total includes \$504.6 million to continue worldwide security programs for guard protection, physical security equipment and technical support, information and system security, and security personnel and training. It also includes \$43.4 million to expand the perimeter security enhancement program for 232 posts and \$98.7 million for improvements in domestic and overseas protection programs, including 85 additional agents and other security professionals.

CAPITAL INVESTMENT FUND (CIF)

- The fiscal year 2004 request provides \$157 million for the CIF to assure that the investments made in fiscal year 2002 and fiscal year 2003 keep pace with increased demand from users for functionality and speed.
- Requested funding includes \$15 million for the State Messaging and Archive Retrieval Toolset (SMART). The SMART initiative will replace outdated systems for cables and messages with a unified system that adds information sharing and document archiving.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE (ESCM)

- The fiscal year 2004 request for ESCM is \$1.514 billion. This total—an increase of \$209.4 million over the fiscal year 2003 level—reflects the administration's continuing commitment to protect U.S. Government personnel serving abroad, improve the security posture of facilities overseas, and address serious deficiencies in the State Department's overseas infrastructure.
- For the ongoing ESCM budget, the administration is requesting \$524.7 million. This budget includes maintenance and repairs at overseas posts, facility rehabilitation projects, construction security, renovation of the Harry S. Truman Building, all activities associated with leasing overseas properties, and management of the overseas buildings program.
- For Worldwide Security Construction, the administration is requesting \$761.4 million for the next tranche of security-driven construction projects to replace high-risk facilities. Funding will support the construction of secure embassies in seven countries—Algeria, Burma, Ghana, Indonesia, Panama, Serbia, and Togo. In addition, the requested funding will provide new on-compound buildings for USAID in Ghana, Jamaica, and Nigeria.
- The ESCM request includes \$100 million to strengthen compound security at vulnerable posts.
- The request also includes \$128.3 million to construct the new U.S. embassy building in Berlin.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS (ECE)

- The fiscal year 2004 request of \$345.3 million for ECE maintains funding for exchanges at the fiscal year 2003 request level of \$245 million and adds \$100 million for projects for Eastern Europe and the States of the Former Soviet Union previously funded from Foreign Operations appropriations.
- Authorized by the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays Act), as amended, exchanges are strategic activities that build mutual understanding and develop friendly relations between the United States and other countries. They establish the trust, confidence, and international cooperation necessary to sustain and advance the full range of U.S. national interests.
- The request provides \$141 million for academic programs. These include the J. William Fulbright Educational Exchange Program for exchange of students, scholars, and teachers and the Hubert H. Humphrey Fellowship Program for academic study and internships in the United States for mid-career professionals from developing countries.
- The request also provides \$73 million for professional and cultural exchanges. These include the International Visitor Program, which supports travel to the United States by current and emerging leaders to obtain firsthand knowledge of American politics and values, and the Citizen Exchange Program, which partners with U.S. nonprofit organizations to support professional, cultural, and grassroots community exchanges.
- This request provides \$100 million for exchanges funded in the past from the FREEDOM Support Act (FSA) and Support for East European Democracy (SEED) accounts.

- This request also provides \$31 million for exchanges support. This funding is needed for built-in requirements to maintain current services.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS (CIO)

- The fiscal year 2004 request for CIO of \$1.010 billion provides funding for U.S. assessed contributions, consistent with U.S. statutory restrictions, to 44 international organizations to further U.S. economic, political, social, and cultural interests.
- The request recognizes U.S. international obligations and reflects the President's commitment to maintain the financial stability of the United Nations and other international organizations that include the World Health Organization, the North Atlantic Treaty Organization, the International Atomic Energy Agency, and the Organization for Economic Cooperation and Development.
- The budget request provides \$71.4 million to support renewed U.S. membership in the United Nations Educational, Scientific, and Cultural Organization (UNESCO). UNESCO contributes to peace and security in the world by promoting collaboration among nations through education, science, culture and communication and by furthering intercultural understanding and universal respect for justice, rule of law, human rights, and fundamental freedoms, notably a free press.
- Membership in international organizations benefits the United States by building coalitions and pursuing multilateral programs that advance U.S. interests. These include promoting economic growth through market economies; settling disputes peacefully; encouraging nonproliferation, nuclear safeguards, arms control, and disarmament; adopting international standards to facilitate international trade, telecommunications, transportation, environmental protection, and scientific exchange; and strengthening international cooperation in agriculture and health.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES (CIPA)

- The administration is requesting \$550.2 million for CIPA in fiscal year 2004. This funding level will allow the United States to pay its share of assessed U.N. peacekeeping budgets, fulfilling U.S. commitments and avoiding increased U.N. arrears.
- The U.N. peacekeeping appropriation serves U.S. interests in Europe, Africa and the Middle East, where U.N. peacekeeping missions assist in ending conflicts, restoring peace and strengthening regional stability.
- U.N. peacekeeping missions leverage U.S. political, military and financial assets through the authority of the U.N. Security Council and the participation of other states that provide funds and peacekeepers for conflicts around the world.

BROADCASTING BOARD OF GOVERNORS (BBG)

- The fiscal year 2004 budget request for the BBG totals \$563.5 million.
- The overall request provides \$525.2 million for U.S. Government nonmilitary international broadcasting operations through the International Broadcasting Operations (IBO) account. This account funds operations of the Voice of America (VOA), Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and all related program delivery and support activities.
- The IBO request includes funding to advance broadcasting efforts related to the war on terrorism. The request includes \$30 million to initiate the Middle East Television Network—a new Arabic-language satellite TV network that, once operational, will have the potential to reach vast audiences in the Middle East. The request also includes funding to double VOA Indonesian radio programming, significantly increase television programming in Indonesia, and expand BBG audience development efforts.
- The IBO request reflects the shifting of priorities away from the predominantly cold war focus on Central and Eastern Europe to broadcasting in the Middle East and Central Asia. Funds are being redirected to programs in these regions through the elimination of broadcasting to countries in the former Eastern Bloc that have demonstrated significant advances in democracy and press freedoms and are new or soon-to-be NATO and European Union Members.
- The IBO request also reflects anticipated efficiencies that achieve a 5-percent reduction in funding for administration and management in fiscal year 2004.
- The fiscal year 2004 request also provides \$26.9 million through Broadcasting to Cuba (OCB) for continuing Radio Marti and TV Marti operations, including salary and inflation increases, to support current schedules.
- The fiscal year 2004 request further provides \$11.4 million for Broadcasting Capital Improvements to maintain the BBG's worldwide transmission network. The

request includes \$2.9 million to maintain and improve security of U.S. broadcasting transmission facilities overseas.

That finishes the State and Related Agencies part of the President's budget. Now let me turn to the Foreign Affairs part.

THE FOREIGN POLICY ADVISOR RESPONSIBILITIES: FUNDING AMERICA'S DIPLOMACY
AROUND THE WORLD

The fiscal year 2004 budget proposes several initiatives to advance U.S. national security interests and preserve American leadership. The fiscal year 2004 Foreign Operations budget that funds programs for the Department State, USAID, and other foreign affairs agencies is \$18.8 billion.

Today, our number one priority is to fight and win the global war on terrorism. The budget furthers this goal by providing economic, military, and democracy assistance to key foreign partners and allies, including \$4.7 billion to countries that have joined us in the war on terrorism.

The budget also promotes international peace and prosperity by launching the most innovative approach to U.S. foreign assistance in more than forty years. The new Millennium Challenge Account (MCA), an independent government corporation funded at \$1.3 billion will redefine "aid." As President Bush told African leaders meeting in Mauritius recently, this aid will go to "nations that encourage economic freedom, root out corruption, and respect the rights of their people."

Moreover, this budget offers hope and a helping hand to countries facing health catastrophes, poverty and despair, and humanitarian disasters. It provides \$1.345 billion to combat the global HIV/AIDS epidemic, more than \$1 billion to meet the needs of refugees and internally displaced peoples, \$200 million in emergency food assistance to support dire famine needs, and \$100 million for an emerging crises fund to allow swift responses to complex foreign crises.

Mr. Chairman, let me give you some details.

The United States is successfully prosecuting the global war on terrorism on a number of fronts. We are providing extensive assistance to states on the front lines of the anti-terror struggle. Working with our international partners bilaterally and through multilateral organizations, we have frozen more than \$110 million in terrorist assets, launched new initiatives to secure global networks of commerce and communication, and significantly increased the cooperation of our law enforcement and intelligence communities. Afghanistan is no longer a haven for al Qaeda. We are now working with the Afghan Authority, other governments, international organizations, and NGOs to rebuild Afghanistan. Around the world we are combating the unholy alliance of drug traffickers and terrorists who threaten the internal stability of countries. We are leading the international effort to prevent weapons of mass destruction from falling into the hands of those who would do harm to us and others. At the same time, we are rejuvenating and expanding our public diplomacy efforts worldwide.

ASSISTANCE TO FRONTLINE STATES

The fiscal year 2004 International Affairs budget provides approximately \$4.7 billion in assistance to the Frontline States, which have joined with us in the war on terrorism. This funding will provide crucial assistance to enable these countries to strengthen their economies, internal counterterrorism capabilities and border controls.

Of this amount, the President's budget provides \$657 million for Afghanistan, \$460 million for Jordan, \$395 million for Pakistan, \$255 million for Turkey, \$136 million for Indonesia, and \$87 million for the Philippines. In Afghanistan, the funding will be used to fulfill our commitment to rebuild Afghanistan's road network; establish security through a national military and national police force, including counterterrorism and counternarcotics components; establish broad-based and accountable governance through democratic institutions and an active civil society; ensure a peace dividend for the Afghan people through economic reconstruction; and provide humanitarian assistance to sustain returning refugees and displaced persons. United States assistance will continue to be coordinated with the Afghan government, the United Nations, and other international donors.

The State Department's Anti-Terrorism Assistance (ATA) program will continue to provide frontline states a full complement of training courses, such as a course on how to conduct a post-terrorist attack investigation or how to respond to a WMD event. The budget will also fund additional equipment grants to sustain the skills and capabilities acquired in the ATA courses. It will support as well in-country training programs in Afghanistan, Pakistan, and Indonesia.

CENTRAL ASIA AND FREEDOM SUPPORT ACT NATIONS

In fiscal year 2004, over \$157 million in Freedom Support Act (FSA) funding will go to assistance programs in the Central Asian states. The fiscal year 2004 budget continues to focus FSA funds to programs in Uzbekistan, Kyrgyzstan, and Tajikistan, recognizing that Central Asia is of strategic importance to U.S. foreign policy objectives. The fiscal year 2004 assistance level for Uzbekistan, Kyrgyzstan and Tajikistan is 30 percent above 2003. Assistance to these countries has almost doubled from pre-September 11 levels. These funds will support civil society development, small business promotion, conflict reduction, and economic reform in the region. These efforts are designed to promote economic development and strengthen the rule of law in order to reduce the appeal of extremist movements and stem the flow of illegal drugs that finance terrorist activities.

Funding levels and country distributions for the FSA nations reflect shifting priorities in the region. For example, after more than 10 years of high levels of assistance, it is time to begin the process of graduating countries in this region from economic assistance, as we have done with countries in Eastern Europe that have made sufficient progress in the transition to market-based democracies. U.S. economic assistance to Russia and Ukraine will begin phasing down in fiscal year 2004, a decrease of 32 percent from 2003, moving these countries toward graduation.

COMBATING ILLEGAL DRUGS AND STEMMING NARCO-TERRORISM

The President's request for \$731 million for the Andean Counterdrug Initiative includes \$463 million for Colombia. An additional \$110 million in military assistance to Colombia will support Colombian President Uribe's unified campaign against terrorists and the drug trade that fuels their activities. The aim is to secure democracy, extend security, and restore economic prosperity to Colombia and prevent the narco-terrorists from spreading instability to the broader Andean region. Critical components of this effort include resumption of the Airbridge Denial program to stop internal and cross-border aerial trafficking in illicit drugs, stepped up eradication and alternative development efforts, and technical assistance to strengthen Colombia's police and judicial institutions.

HALTING ACCESS OF ROGUE STATES AND TERRORISTS TO WEAPONS OF MASS
DESTRUCTION

Decreasing the threats posed by terrorist groups, rogue states, and other non-state actors requires halting the spread of weapons of mass destruction (WMD) and related technology. To achieve this goal, we must strengthen partnerships with countries that share our views in dealing with the threat of terrorism and resolving regional conflicts.

The fiscal year 2004 budget requests \$35 million for the Nonproliferation and Disarmament Fund (NDF), more than double the fiscal year 2003 request, increases funding for overseas Export Controls and Border Security (EXBS) to \$40 million, and supports additional funding for Science Centers and Bio-Chem Redirection Programs.

Funding increases requested for the NDF and EXBS programs seek to prevent weapons of mass destruction from falling into the hands of terrorist groups or states by preventing their movement across borders and destroying or safeguarding known quantities of weapons or source material. The Science Centers and Bio-Chem Redirection programs support the same goals by engaging former Soviet weapons scientists and engineers in peaceful scientific activities, providing them an alternative to marketing their skills to states or groups of concern.

MILLENNIUM CHALLENGE ACCOUNT

The fiscal year 2004 budget request of \$1.3 billion for the new Millennium Challenge Account (MCA) as a government corporation fulfills the President's March 2002 pledge to create a new bilateral assistance program, markedly different from existing models. This budget is a huge step toward the President's commitment of \$5 billion in annual funding for the MCA by 2006, a 50-percent increase in core development assistance.

The MCA supplement U.S. commitments to humanitarian assistance and existing development aid programs funded and implemented by USAID. It will assist developing countries that make sound policy decisions and demonstrate solid performance on economic growth and reducing poverty.

- MCA funds will go only to selected developing countries that demonstrate a commitment to sound policies—based on clear, concrete and objective criteria. To be-

come eligible for MCA resources, countries must demonstrate their commitment to economic opportunity, investing in people, and good governance.

- Resources will be available through agreements with recipient countries that specify a limited number of clear measurable goals, activities, and benchmarks, and financial accountability standards.

The MCA will be administered by a new government corporation designed to support innovative strategies and to ensure accountability for measurable results. The corporation will be supervised by a board of directors composed of Cabinet level officials and chaired by the Secretary of State. Personnel will be drawn from a variety of government agencies and nongovernment institutions and serve limited-term appointments.

In fiscal year 2004, countries eligible to borrow from the International Development Association (IDA), and which have per capita incomes below \$1,435, (the historical IDA cutoff) will be considered. In 2005, all countries with incomes below \$1,435 will be considered. In 2006, all countries with incomes up to \$2,975 (the current World Bank cutoff for lower middle income countries) will be eligible.

The selection process will use 16 indicators to assess national performance—these indicators being relative to governing justly, investing in people, and encouraging economic freedom. These indicators were chosen because of the quality and objectivity of their data, country coverage, public availability, and correlation with growth and poverty reduction. The results of a review of the indicators will be used by the MCA Board of Directors to make a final recommendation to the President on a list of MCA countries.

AFRICA EDUCATION INITIATIVE

With \$200 million, the United States is doubling its 5-year financial commitment to the African Education Initiative it launched last year. The initiative focuses on increasing access to quality education in Africa. Over its 5-year life the African Education Initiative will achieve: 160,000 new teachers trained; 4.5 million textbooks developed and distributed; an increase in the number of girls attending school through providing more than a quarter million scholarships and mentoring; and an increase African Education Ministries' capacity to address the impact of HIV/AIDS.

INCREASES IN FUNDING FOR MULTILATERAL DEVELOPMENT BANKS (MDBS)

The fiscal year 2004 budget provides \$1.55 billion for the MDBs, an increase of \$110 million over the fiscal year 2003 request of \$1.44 billion. This includes \$1.36 billion for scheduled payments to the MDBs and \$195.9 million to clear existing arrears. The request provides \$950 million for the International Development Association (IDA) for the second year of the IDA-13 replenishment, \$100 million of which is contingent on the IDA meeting specific benchmarks in the establishment of a results measurement system. By spring 2003, the IDA is to have completed an outline of approach to results measurement, presented baseline data, and identified outcome indicators and expected progress targets. By that same time, the IDA is also to have completed specific numbers of reviews and assessments in the areas of financial accountability, procurement, public expenditure, investment climate, and poverty.

WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT (WSSD)

The WSSD engaged more than 100 countries and representatives of business and NGOs. Sustainable development begins at home and is supported by effective domestic policies and international partnerships that include the private sector. Self-governing people prepared to participate in an open world marketplace are the foundation of sustainable development. These fundamental principals guide the U.S. approach to Summit initiatives. At the 2002 Summit the United States committed to developing and implementing realistic results-focused partnerships in the areas of: Water for the Poor; Clean Energy; Initiative to Cut Hunger in Africa; Preventing Famine in Southern Africa; and the Congo Basin Partnership. At the end of the Summit new relationships and partnerships were forged and a new global commitment to improve sanitation was reached. The fiscal year 2004 budget supports these partnerships with \$337 million in assistance funding.

THE U.S.-MIDDLE EAST PARTNERSHIP INITIATIVE

The President's budget includes \$145 million for the Middle East Partnership Initiative (MEPI). This initiative gives us a framework and funding for working with the Arab world to expand educational and economic opportunities, empower women, and strengthen civil society and the rule of law. The peoples and governments of

the Middle East face daunting human challenges. Their economies are stagnant and unable to provide jobs for millions of young people entering the workplace each year. Too many of their governments appear closed and unresponsive to the needs of their citizens. And their schools are not equipping students to succeed in today's globalizing world. With the programs of the MEPI, we will work with Arab governments, groups, and individuals to bridge the jobs gap with economic reform, business investment, and private sector development; close the freedom gap with projects to strengthen civil society, expand political participation, and lift the voices of women; and bridge the knowledge gap with better schools and more opportunities for higher education. The U.S.–Middle East Partnership Initiative is an investment in a more stable, peaceful, prosperous, and democratic Arab world.

FORGIVING DEBT—HELPING HEAVILY INDEBTED POOR COUNTRIES

The administration request provides an additional \$75 million for the Trust Fund for Heavily Indebted Poor Countries (HIPC). These funds will go toward fulfilling the President's commitment at the G–8 Summit in Kananaskis, Canada to contribute America's share to filling the projected HIPC Trust Fund financing gap. The HIPC Trust Fund helps to finance debt forgiveness by the International Financial Institutions (IFIs) to heavily indebted poor countries that have committed to economic reforms and pledged to increase domestic funding of health and education programs. In addition, the President's request provides \$300 million to fund bilateral debt reduction for the Democratic Republic of the Congo under the HIPC Initiative, as well as \$20 million for debt reduction under the Tropical Forest Conservation Act (TFCA).

The administration believes that offering new sovereign loans or loan guarantees to indebted poor countries while providing debt forgiveness to those same countries risks their return to unsustainable levels of indebtedness—a situation debt forgiveness seeks to resolve.

In order to address this situation, the administration recently invoked a 1-year moratorium on new lending to countries that receive multilateral debt reduction. U.S. lending agencies have agreed not to make new loans or loan guarantees to countries that receive debt reduction for 1 year. The measure will not be punitive. Should countries demonstrate serious economic gains before the end of the moratorium, lending agencies may, with interagency clearance, resume new lending. The administration hopes that this policy will bring to an end the historically cyclical nature of indebtedness of poor countries.

AMERICAN LEADERSHIP IN FIGHTING AIDS AND ALLEVIATING HUMANITARIAN HARDSHIPS

This budget reaffirms America's role as the leading donor nation supporting programs that combat the greatest challenges faced by many developing countries today. The fiscal year 2004 budget proposes a number of foreign assistance initiatives managed by USAID and other Federal agencies to provide crucial resources that prevent and ameliorate human suffering worldwide.

FIGHTING THE GLOBAL AIDS PANDEMIC

The fiscal year 2004 budget continues the administration's commitment to combat HIV/AIDS and to help bring care and treatment to infected people overseas. The HIV/AIDS pandemic has killed 23 million of the 63 million people it has infected to date, and left 14 million orphans worldwide. President Bush has made fighting this pandemic a priority of U.S. foreign policy.

The President believes the global community can—and must—do more to halt the advance of the pandemic, and that the United States should lead by example. Thus, the President's fiscal year 2004 budget request signals a further, massive increase in resources to combat the HIV/AIDS pandemic. As described in the State of the Union, the President is committing to provide a total of \$15 billion over the next 5 years to turn the tide in the war on HIV/AIDS, beginning with \$2 billion in the fiscal year 2004 budget request and rising thereafter. These funds will be targeted on the hardest hit countries, especially Africa and the Caribbean with the objective of achieving dramatic on-the-ground results. This new dramatic commitment is reflected in the administration's \$2 billion fiscal year 2004 budget request, which includes:

- State Department—\$450 million;
- USAID—\$895 million, including \$100 million for the Global Fund and \$150 million for the International Mother & Child HIV Prevention; and
- HHS/CDC/NIH—\$690 million, including \$100 million for the Global Fund and \$150 million for the International Mother & Child HIV Prevention.

In order to ensure accountability for results, the President has asked me to establish at State a new Special Coordinator for International HIV/AIDS Assistance. The Special Coordinator will work for me and be responsible for coordinating all international HIV/AIDS programs and efforts of the agencies that implement them.

HUNGER, FAMINE, AND OTHER EMERGENCIES

Food Aid—Historically the United States has been the largest donor of assistance for victims of protracted and emergency food crises. In 2003, discretionary funding for food aid increased from \$864 million to \$1.19 billion. That level will be enhanced significantly in 2004 with two new initiatives: a Famine Fund and an emerging crises fund to address complex emergencies.

Famine Fund—The fiscal year 2004 budget includes a new \$200 million fund with flexible authorities to provide emergency food, grants or support to meet dire needs on a case-by-case basis. This commitment reflects more than a 15 percent increase in U.S. food assistance.

Emerging Crises Fund—The budget also requests \$100 million for a new account that will allow the administration to respond swiftly and effectively to prevent or resolve unforeseen complex foreign crises. This account will provide a mechanism for the President to support actions to advance American interests, including to prevent or respond to foreign territorial disputes, armed ethnic and civil conflicts that pose threats to regional and international peace and acts of ethnic cleansing, mass killing and genocide.

SUMMARY

Mr. Chairman, members of the committee, to advance America's interests around the world we need the dollars in the President's budget for fiscal year 2004. We need the dollars under both of my hats—CEO and principal foreign policy advisor. The times we live in are troubled to be sure, but I believe there is every bit as much opportunity in the days ahead as there is danger. American leadership is essential to dealing with both the danger and the opportunity. With regard to the Department of State, the President's fiscal year 2004 budget is crucial to the exercise of that leadership.

Thank you and I will be pleased to answer your questions.

Chairman NUSSE. For my colleagues' benefit I am going to ask that all of us not only stick to the 5-minute rule today but let's also please stick to questions. There are a number of colleagues who have important questions they want to ask. The Secretary is only going to be with us until 12:30. We may have a vote on the floor, so let's please do that.

Mr. Secretary, on the technology issue, just to let you know, the Budget Committee has just launched a new, I think, exciting program on our Web site. We now provide our Web site in eight different languages so that—including an obscure and little-used language now, French—I am being very careful. I am trying to be. I am holding back.

Mr. Secretary, on the HIV/AIDS program that the President has put forward, I would like to ask you to do two things for us. We have a number of constituents who heard the President speak at the State of the Union and were surprised maybe by the commitment that he made in the State of the Union. They haven't been to Africa. Because terrorism, because Iraq, because North Korea, because all sorts of things occupy all of the different news channels on a daily basis, unfortunately, some of the biggest issues that face our world don't always get the attention that they should. Many of our constituents don't have the same experience that you have and that some of us have in having seen it firsthand.

They ask the question or they wonder out loud, why are we doing this? Why is—why aren't we dealing with problems in America first, Medicare and even AIDS in America first before we start reaching out to the continent of Africa or anywhere else? Those are

problems they cause for themselves, behavioral problems that they caused. Money won't solve it. This is a hopeless situation. How could we possibly have enough money in our Treasury or pay enough taxes in order to manage this disease?

Would you please respond to those people today in a way that can help us all educate our constituents back home, No. 1; and, No. 2, would you also talk to us a little bit about how this money will be used.

My understanding from traveling there is that it is not just the drugs, it is the counseling, it is the mentoring, it is the education, it is the advertising, awareness, it is the networking that needs to go on and the trust relationship that has to be built in some countries. Because they are using erroneous information, suggesting that this is some, you know, grassy knoll plot against their country versus some countries, that their government officials are directly involved in the advocacy case to control HIV. So would you speak to this in a little bit more depth than you did in your opening testimony?

Secretary POWELL. We spent a lot of money on HIV/AIDS in our own programs right here at home. We saw what this disease has done right here at home. It is still a problem here in the United States. We worked hard to start to get on top of it, but it is still a problem for many, many Americans. We are a care-giving, compassionate country and people; and we simply cannot look out across our oceans and see this kind of plague upon the world and think that it has nothing to do with us.

These children, these are God's children, and we have an obligation to help them. We have an obligation as a caring, giving, rich society to share our wealth and treasure with those who are less fortunate. Even though they may not look like us, may not be the same color as most of us, are living in a faraway place, speaking a strange language, they are nevertheless human beings; and if we have the wherewithal to help them, we should.

And we can help them. It is not money going down a rat hole. We need multifaceted programs. As you noted, Mr. Chairman, one of the first things we have to do in all the countries we are working on is to start educating people with respect to the dangers of HIV/AIDS and improper sexual activities that will put you at risk of getting the infection. That training, that education, has to begin at the earliest opportunity in schools. We should teach youngsters how to avoid premature sexual activity. We should teach abstinence, but we should also teach safe sex. Because, sooner or later, young people will become sexually active, and we should not hide from that fact. We should teach them to protect themselves and teach them abstinence, teach them protection, help these countries get beyond some of the cultural taboos that keep them from talking about these issues frankly and candidly.

One of the most successful countries in dealing with this problem has been Uganda. President Museveni said, "I don't care what tribal rituals are, or how I am not supposed to talk about this. I am going to talk about this. It comes from improper sexual activity. It comes from not protecting yourself. It comes from not talking to our children. It comes from not being socially responsible with respect to sexual partners." He was candid about it, as candid as I am

being with you this morning. And he changed the attitude that existed within the population of Uganda, and he brought the infection rate down significantly, as you well know.

We have to go beyond just teaching and education and training and lecturing. We have got to give people the medicines that are increasingly more affordable that will deal with the infection and give people hope, that if we work on this problem correctly, if we do everything we can to get the cost down, there are drugs that can let people have a full, productive life, not as full as it might be otherwise or as long as it might otherwise, but still make a contribution to society.

We can do something to keep the disease from being transmitted from mother to child. That is one of the President's major initiatives, with a very high success rate, and it is cheap. It would be irresponsible not to give every child who is subject to the infection that opportunity to be rid of the infection with the kind of treatment and the provision of the necessary drugs.

We also have to be straightforward and say to people there should be no stigma associated with being infected, or having the disease, or carrying the infection. We have to make sure we don't talk down to a group of people and say you are less worthy than anyone else because have you this infection.

We have to fight it at all fronts: protection, abstinence, training, education, antiretroviral drugs, dealing with the other diseases that flow from it, tuberculosis, malaria and the other infections you become susceptible to, and also to avoid stigmas.

In some of the countries, as you noted Mr. Chairman, this is the toughest part. People just don't want to talk about this. It goes against some of their history. It goes against some of their culture. It goes against, in some cases, their religion. But when you don't talk about these issues, when you don't talk about them head on, you are condemning to death millions of your most productive citizens, the citizens you are going to need to keep moving forward.

The United States cannot stand idly by and watch this happen. Knowing that if we don't help them, these countries will become political problems, they will become economic problems that we are going to have to deal with later. As you also noted, Mr. Chairman, they will become hotbeds of terrorist recruiting.

If a child has nobody in his or her life, if a child sees the richest countries of the world ignore their problem, that child will say, well, what should I do? What direction should I move into? The first charlatan that comes along and says, we ought to take them out, we ought to build bombs, we ought to go kill people; what are they doing for you? That charlatan will win the argument. We can't let that person win the argument.

That is why we have \$1.3 billion in this budget for my part of this battle and Secretary Thompson has more dollars in his budget, for what he has to do. Not only here in the United States but what we do in the United States ultimately gets exported to the world.

Chairman NUSSLE. Thank you very much for your leadership.

Mr. Moran.

Mr. MORAN. Thank you very much, Mr. Chairman.

I am going to give the Secretary three areas of inquiry and he can choose how he decides to emphasize his response.

The first area I want to ask you about is something that I referenced in the opening statement that deals directly with our budget responsibilities, and that is the needs of our allies and at least friends in the region for additional assistance, particularly with regard to the impending Iraq conflict. Israel has asked for \$12 billion, about \$4 billion in grants, about \$8 billion in loan guarantees. I would like to know your assessment of that and the extent to which we are going to use that as leverage with regard to settlement expansion, et cetera.

Egypt, we know, is going to want 3 to \$5 billion; Jordan, I know, has told some of us that they are expecting nearly \$2 billion; and then we have got Turkey and Pakistan. Particularly I know you are concerned, rightfully so, that Musharraf is in a precarious position because of his perceived friendship with the United States; and, of course, a military coup would give people sympathetic to the Taliban even within his own military, who we know exist, immediate access to a substantial number of nuclear weapons. Some—all of these countries we are very much concerned with and are going to have to deal with; and I would like to get some sense of what you think might be coming, whether it is in a supplemental or future budget request.

Now, with regard specifically to Iraq, I think we were all very much impressed by the compelling arguments you made before the United Nations Security Council as to the consequences of not going to war with Iraq. But just speaking for myself, I think you were less clear on what are the consequences if we do go to war with Iraq. Even your response this week to the message by bin Laden on Al Jazeera television, I don't know that the fact that bin Laden is attempting to exploit the impending invasion of Iraq for the purpose of his al Qaeda terrorist network is proof positive of a hand-in-glove relationship with Saddam's despotic use of the Baathist party in Iraq.

So I would—I think what we would like to get a clearer sense of is what do we do when we go in and we are told it is weeks rather than months, that there needs to be a ratio of approximately 1 per 500 citizens. If you have a military occupation, we are told it is an indefinite military occupation until we find a leader that is to our liking.

I asked Secretary Rumsfeld yesterday, how many people do we have that speak the language? And at best we have about a hundred people learning how to speak the language. It is a country of 23 million people. You would assume that that means we need about 50,000 who can actually communicate with the people. We are nowhere near that.

Now I bring this up because he implied that they are going to heavily rely upon State Department personnel for much of that function. So I thought I might bring it full circle and get some response from you.

Then, lastly, in the paper today, I understand that the North Koreans have sought direct talks with the United States but have been rebuffed; and in light of what some of us think is our most serious threat in North Korea, the urgency of direct talks with North Korea would seem to be imperative. So I would like to know

what you plan to do in terms of at least initiating or responding to North Korea's suggestion for direct talks.

There is enough to deal with. You choose how you want to divide your response, Mr. Secretary.

Secretary POWELL. Thank you very much, sir.

Let me go back to the first one you mentioned in your opening statement with respect to the cost once we go into Iraq. In terms of how much will the U.S. percentage be, how long will it be there and what will we have to provide to our allies, which gets to your other question.

A lot of the answers to these questions are simply not known and can't be known until you see how such a conflict, if it comes—we still hope it can be avoided—and you find out how it unfolds.

What we are doing is making contingency plans that would cover a full range of possibilities, but it is hard to put numbers to these various contingency plans, and I don't think that we have solid numbers that we should offer to the Congress, because they would be embedded in stone, and we really are not sure. What we are doing is stockpiling humanitarian supplies, working with the U.N., that is also stockpiling humanitarian supplies, in close contact with the EU, which is also taking action to position itself, and a number of other private nongovernmental organizations that are preparing themselves for whatever humanitarian needs might be required after a conflict in Iraq.

I don't think that one should assume that the country is going to be devastated by a conflict. People talk about the reconstruction of Iraq, but it is not going to be like Afghanistan. This is a society and a system that right now is functioning. It has institutions that function. It has a bureaucracy that is very effective. It has a middle class. It has an educated population. It has something else. It has \$20 billion of oil revenue a year. So this is not like Afghanistan, where everything had to come up from out of the dust. There is a functioning society there.

What it has, though, is a horrible leadership; and I would hope that the conflict would be short, it would be directed principally at the leadership and not at the society. That certainly is our goal. We don't go after people. We don't go after societies. We go after weapons, we go after military units, and we go after the leadership that is controlling all of this.

If we were to successfully remove the leadership, we would try to build as much as we can on the institutions that are there. It would not be necessary for us to have 50,000 people who could speak the language to go to every village throughout, but essentially use the infrastructure that is there. Once it has been purged of leadership that does not want to be part of a new country, a new political system that has gotten rid of its weapons of mass destruction and is committed to live in peace with its neighbors and become a responsible member of the 21st century, once we got rid of those who were not committed to that, then I think you have a great deal to work with.

Then the challenge would be to put in place a representative leadership, and this is a country with no democratic tradition. That will take some time. There are people outside those in the resistance as well as those inside who I think can be used to start to

put in place a form of government that would accomplish the goals that I have just described.

I think at the outset of a military operation, certainly the military commander who goes in to remove the leadership assumes responsibility for being in charge of the country for some period of time. This shouldn't be surprising to anyone. It has happened in every other conflict. It happened in Afghanistan when General Franks initially went in, but it would be our goal to quickly transition from military leadership. We don't want an American general running a Muslim country for any length of time.

How long will it take to transition to civilian leadership, either an American civilian initially or an international figure or an international arrangement of some kind, and to transition through that as rapidly as possible to an Iraqi government that is representative of its people? Everybody is dying to find out the answer to the question.

One of my undersecretaries the other day said that some aid programs can take up to 2 years to come into fruition and to show success. That was immediately grabbed on as we saying that we are going to be there for 2 years, no longer.

We just don't know at this point, but we have to be prepared for a fairly long-term commitment, a commitment that will change in shape, scope and dimension over time. Initially military, quickly transitioning to civilian organizations, quickly transitioning, I hope, to the international community and then never losing sight of as rapid a transition as possible to the Iraqi people.

The advantages here, the reason this situation is different, is there is an infrastructure I don't expect the country to be devastated. The Oil for Food Program exists as a way of delivering supplies to the society if we can keep the Oil for Food Program intact and there is money that will be available if the oil fields are not destroyed, or if they are damaged, we restore them quickly.

We are looking at a full range of options from a walk in the sun, to destruction of the oil fields, much more destruction of the infrastructure by the outgoing regime than we might have anticipated. We are looking at a full range of options to be ready for any one of these, whether it is an optimistic outcome or not-so-optimistic outcome. But I can't honestly give you a military estimate of how long it will take or, for that matter, a State Department estimate or tell you at this point what the overall cost would be.

I do know that we won't bear it alone. There are a number of nations who have signed up to be a part of a coalition of the willing or under U.N. resolution, and the major international organizations. In fact, today Kofi Annan is having meetings about this subject. Major international organizations are gearing themselves up to be a part of the aftermath.

Mr. MORAN. Thank you.

Secretary POWELL. On the various countries and their requests, as you rightly noted, Mr. Moran, they are not in our budget at the levels that are being suggested. All of them are under consideration.

With respect to your specific question about Israel, we know of their requirements. We fully understand their needs. No decision

has been made within the administration yet as to what we will do.

Mr. MORAN. Thank you, Mr. Secretary.

Chairman NUSSLE. Mr. Shays.

Mr. SHAYS. Mr. Secretary, thank you for your good work.

Secretary POWELL. I will get to North Korea later.

Mr. MORAN. Thank you, Mr. Secretary.

Mr. SHAYS. Mr. Secretary, thank you for your good work.

I just want to take this opportunity—two seats next to you is a gentleman, your Chief Financial Officer, Christopher Burnham. I just want to point out that he served in the State House after I vacated that seat to be in Congress; and when I had to vote on deciding whether or not to send troops to the Gulf War, his mom and dad called up and said, don't do this. We will lose too many men and women. Chris Burnham, a reserve officer in the Marines, called me up and said we need to go. When I voted to send our troops into battle, I knew I was sending Chris Burnham, and I will never forget that call to me.

The National Security Subcommittee of Government Reform, which I chair, has oversight responsibilities to the Department of State; and I want to say to you that I have seen gigantic improvement in the morale of the men and women who serve. I have seen significant improvement in the management and administrative practices of the Department, great improvement in technology; and I just want to say, keep it up. I also want to say the quality of the men and women who serve you and serve our country, they are extraordinarily dedicated, they are intelligent, they are competent, they are motivated public servants, and I rejoice in the opportunity of meeting with them when I go overseas.

My question involves right-sizing of overseas deployment of our presence there. We have lots of different government agencies; and I am struck by the fact that the State Department is really being asked to house them, protect them at significant cost. I keep hearing that the administration—and I am aware that OMB is promoting having a surcharge. In other words, let the agencies that want to be there pay the costs. I would like you to tell us whether we are making progress.

Secretary POWELL. We are working on it, Mr. Shays, and making some progress. I fully believe in the cost-sharing idea. We have some of our embassies that have as many as 30 other government agencies working under the country team concept, under the supervision of the ambassador. The ambassador has presidential responsibility for the safety, security and management and administration of all of these folks. I believe it is quite appropriate for these departments to pay their fair share, especially when you have a crisis somewhere.

Say you have an embassy that has normally 150 people, but a crisis breaks out, and agency after agency from Washington sends over TDY detailees. You can double and triple the size of the mission in short order. All of that incremental cost has to be dealt with, and just the span of control of the ambassador and the ability of his admin officer and security people at the embassy to manage that situation becomes more difficult and we have to go outside to get more people in just to support people from other departments.

To the extent that we can lay that burden off appropriately, not inappropriately, but get others to bear their share of the cost is a sensible management technique, and we are certainly working on it with OMB.

Mr. SHAYS. Yes. It would strike me that a free service is basically going to be overutilized.

I don't want you to go into your red light, but I want to ask this question. I made an assumption that we would help pay for the cost of going into Iraq by having the oil revenues of Iraq pay for that. The administration came out against that; and, with hindsight, I am getting the sense that there is just a concern that people would misunderstand our motive if we did that. So, to make sure there is no question at all, we wanted to be clear these reserves are going to be used for the Iraqi people?

Secretary POWELL. I think people would misunderstand the motive. The more basic issue is that, under international law, if we go in as an occupying force for some period of time and we assume responsibility for that country, we have an obligation to use the assets of that country, the wealth of that country for the benefit of its people. For that reason and to make sure nobody misstates our motive in this, we are saying loud and clear that the oil of Iraq belongs to the people of Iraq; and during that period of time when we would have responsibility for the country we will protect this asset that belongs to the Iraqi people and use it for the right purpose, consistent with international obligations that we take on as the occupying force.

Mr. SHAYS. Thank you. I yield back.

Chairman NUSSLE. Ms. Baldwin.

Ms. BALDWIN. Mr. Secretary, thank you for appearing here today, and thank you for your service to this country.

I have two questions. The first reflects a very big question that my constituents are asking me, and the other is a little bit more specific. Like Mr. Moran, I will invite you to choose to emphasize in your time to answer whichever you would like or both.

As you know, I and many Americans are extremely concerned about the possibility of war with Iraq. From the onset, concerns have been raised about the wisdom of such an armed conflict, about the suffering that it would provoke, about the wisdom of committing our men and women in uniform to a conflict that has the potential to expose them to biological and chemical weapons, and perhaps even house-to-house combat. I very much share those concerns. I know you have struggled with them yourself. But today, Mr. Secretary, I want to focus on the impact that this showdown has had on our relationship with the United Nations, NATO, our friends, our allies, and our adversaries. Because many people have raised serious concerns about the negative effects that that is going to have on our ability to fight terrorism and to protect the American people, where allies in all corners of this globe are so important and so vital. So I am being asked just how many bridges and relationships we are willing to strain and how we are going to repair those strained and sometimes broken relationships.

Teddy Roosevelt used to say, speak softly and carry a big stick, but I don't think anyone is going to accuse the United States and this administration of speaking softly at this moment in history.

Even Henry Kissinger had warned us that, no matter how powerful our military is, seen in the terms of politics and international relations, we are not strong enough to protect ourselves if we are not without friends.

So, Mr. Secretary, I am highly concerned about the impact that this conflict has had on the United Nations, NATO, and international law. These are institutions in a system that we created and with American leadership in a post-war era to provide a framework for peace and security; and I believe that this system, while far from perfect, has served us well. Yet our current path ignores or disregards some of the spirit of these international agreements. It may allow us to get what we need in the short run, but it is extremely dangerous for a long-term stability in the world.

So my first question is, how will the administration repair relationships with our friends and allies and rebuild and strengthen these international institutions?

My second question relates to what I fear is a subtle erosion of the Department's ability to perform some of its core functions. I think the President's budget proposal in recent actions seem to shift some power from State to the White House. Specifically, I am thinking about the President's recently signed executive order formalizing the role of the White House Office of Global Communications in the Nation's public diplomacy overseas. Doesn't this, in fact, take away a vital role from the State Department, one of whose roles is public diplomacy?

This combined with the administration's proposal that the Millennium Challenge Account not be administered by USAID and the Department of State—although you, of course, will chair the function—it raises concerns about the Department's ability to carry out both parts of its mission as a first line of defense and a first line of effective representation of American values and interests abroad.

Are we witnessing a slow or subtle erosion of State Department authority through these subtle policy shifts, even when the numbers may seem to be increasing?

Secretary POWELL. Thank you, Ms. Baldwin. Let me talk to the first issue.

The President went to the United Nations last September and he spoke clearly; one might say softly, one might say directly, but he spoke clearly to the international community when he said Iraq has been in violation of its obligations through 16 previous U.N. resolutions, its obligations to disarm its weapons of mass destruction. He didn't run out and start a unilateral war. He said to the United Nations, what are we going to do? What value does this institution have if its resolutions repeatedly are simply ignored by one dictator?

If this institution is to have relevance, we have to be prepared to impose serious consequences on a nation that so ignores its obligations under the resolutions of this body. It isn't just ignoring some little policy item or dictate. It was developing weapons of mass destruction, chemical, biological, nuclear weapons that this dictator had demonstrated a willingness to use against his own people, against his neighbors.

He invaded two of his neighbors, used chemical weapons, and was known by previous United Nations inspectors to have anthrax,

botulitum toxin, a lot of other terrible, terrible things, and he had not accounted for what he did with it. Then created a set of circumstances in 1998 which forced the inspectors out.

The President went to the United Nations and said we have to do something about this. That was neither unilateral nor heavy-handed. It was an act of leadership on the part of the President to do that.

In the following 7 weeks, we worked very hard. I worked very hard, my colleagues in the Security Council worked hard to come up with a resolution that is the now famous 1441. It said Iraq is guilty. It didn't say where is the evidence? It started out in its first operative paragraph by saying Iraq is guilty. We have the evidence. Anthrax and botulitum are missing. Iraq is guilty. It is guilty of material breaches in the past. Those breaches continue into the present.

Second, we will give Iraq a way to get out of the problem if it comes clean. The whole burden of this resolution was placed upon Iraq, not on the inspectors.

The resolution said that we will give inspectors strengthened powers to do their job if Iraq cooperates and complies with the resolution.

Fourth, it said if Iraq does not comply and enters into new material breaches, serious consequences will follow.

Iraq started to let inspectors in suddenly after 4 years. Why? Because they were persuaded by the logic of the resolution? No. They saw American troops moving. They saw that we were deadly serious about serious consequences, and suddenly Iraq started doing things.

What they didn't do was what the resolution called for them to do, come into compliance and get rid of the weapons of mass destruction. If they had done that, we wouldn't be where we are right now. If they do it tonight, we wouldn't be where we might be in a few weeks. We have demonstrations planned for this weekend, and there is a great deal of controversy on this issue, but the burden was placed on Iraq, not on the United States.

It is the United States and the United Nations that have an obligation to see that the resolutions of the United Nations are obeyed. What we have seen so far is continued misbehavior by Iraq.

Even though one can question the strength of the linkages between al Qaeda and Iraq, I believe there is enough evidence out there that there is something we should be concerned about as a minimum because of this nexus between terrorism and weapons of mass destruction. Even though individually Osama bin Laden and Saddam Hussein might hate each other, they found a community of interest here—terrorism and weapons of mass destruction.

I think that the United States is in a strong position here with respect to what we think the United Nations should do. We are approaching the time when the United Nations cannot ignore what Iraq has been doing for the last 3 months. We will hear from Dr. Blix and Dr. El Baradei, and then a debate will begin as to what should be the next step.

Some suggest we just double or triple the number of inspectors. It isn't a lack of inspectors that is causing a problem. It is Iraq's noncompliance. I am sorry but this is a diversion. Or give them

more technical capability. Dr. Blix would love any additional support he gets, but, as he has said—he has said, not Colin Powell—he has said Iraq still doesn't understand that it has to disarm.

We have got to stay on the track that we are on, and we have to make it clear to Saddam Hussein that he will be disarmed of weapons of mass destruction one way or another. This has caused strains within NATO and within the United Nations, as you have said, but NATO and the United Nations are resilient institutions that have undergone strain over their 50 years of existence. In my roughly 20 years of public service at an exceptionally high level, there have always been debates and disagreements within NATO and within the United Nations, and we will find a way through these disagreements, or if we can't find a way through, then we will have to act.

NATO and the U.N. have found in previous crises where you can't get NATO agreement or U.N. agreement action happens nonetheless, with the coalition of the willing, such as happened in Kosovo; and sometimes we have to act unilaterally as we did in Panama.

The institutions have a history. They are needed. And whatever strains exist now, I think they are strains that can be managed and in due course. Because there is such a need for these two strong, powerful institutions, and they have such a history of success. We will get through these troubled times.

Let me just talk quickly on your two points. On both White House Office of Global Communications and Millennium Challenge Account, I don't feel threatened. We need a global communications office in the White House, because if it is just the State Department doing its thing and saying this is all mine, I will do it through my international programs, then we aren't always that well coordinated with what the Pentagon might be doing and vice versa.

Communications have become such a complex business in this 24/7 world where you have got to be up to date, you have got to get the information out, that there was a need for an overarching communications effort. To show you how it works, the Office of Global Communications is putting out now a daily sheet of messages on what we should be saying as a government. I just instructed my staff this past Monday morning to make sure that sheet gets out electronically to every embassy in the world. I want every ambassador to see this so they know what the whole government is thinking, not just what the State Department is thinking.

I don't feel challenged by that, and we are working closely with the new office.

With respect to the Millennium Challenge Account, I am the chairman of the board of directors. What the President wanted to do is to make the MCA look different. It was not to be just aid as usual, but a new kind of focused aid for those nations moving toward democracy.

We looked at a lot of models and felt that something that was free-standing as an independent department, but working closely with USAID, and can't just go off by itself. We have to reconcile these programs, and I think in my role as chairman of the board of directors, I have the opportunity to make sure that there is inte-

gration and a merger of activities between the Millennium Challenge Account and what AID is doing.

Finally, the President announced the new global initiative for HIV/AIDS in his State of the Union Address, and in this instance he saw fit to place it wholly within the State Department.

It is a matter of finding the right solution for the particular problem, and I don't feel that the White House is trying to gut me. And I thank the President for giving me the global initiative on AIDS, because we will do it well in the Department.

Chairman NUSSLE. Mr. Gutknecht.

Mr. GUTKNECHT. Thank you, Mr. Chairman; and thank you, Mr. Secretary, for your service to the country.

Let me clarify one thing about Teddy Roosevelt, before we have too much revisionist history here. He was not bashful about using that stick, and I think sometimes we forget that part.

The other thing I want to mention, when you talked about the children—and it really is true that the real benefactors of our foreign policy I think are children, whether it is in sub-Saharan Africa, Afghanistan, or Iraq, the whole benefactors are the children.

One thing that I would add to your list of accomplishments of what we have done in Afghanistan, the people need to be reminded of, is that for the first time in many parts of Afghanistan in almost 20 years little girls are going to school for the first time, and that happened because of brave Americans like the ones you described aboard that aircraft carrier.

But at the end of the day this is the Budget Committee, and our job is to try and squeeze \$2.5 trillion worth of requests into about a \$2 trillion package. So what I want to get at is in terms of the budget and how we are going to make this all work, because it is about children. We have heard a lot of economic theory in the last couple of weeks in terms of tax cuts and what it does to the economy, but let me give you an economic fact. Government will be paid for. It will either be paid for now or it will be paid for in the future by our children with interest. So that is a tough job, and I want to get to a couple of tough questions for you.

One is—and I didn't really hear a very good response—and that is what commitments has the administration made to some of our allies that could be very expensive in the future? Whether we are talking about Turkey or whether we are talking about Israel, any of the other countries in the region, it seems to me the administration does have an obligation to share with us what kind of commitments they have made, because the power of the purse is vested here.

Then the second question is, how are we going to pay for this effort in Iraq? Many of us are old enough to remember that when we had the first confrontation with Saddam Hussein we were able to get our allies to literally pick up all of the expenses of that military effort, and as I recall the costs were about \$53 billion. Can you share with us more of who is going to pay for this effort?

Because going back to the effort in the Balkans and in the former Yugoslavia, those were NATO efforts, and I think our obligation to NATO is to pick up about 25 percent of the cost. As I recall, we ended up picking up well over 75 percent of those costs. It seems to me we have got to work together to make certain we

have a clear understanding of how much this is going to cost and who will pay for it.

Secretary POWELL. With respect to commitments we have made to various countries, we are in discussions with all of the countries that were mentioned earlier on what their needs might be now or in the event of a conflict, and most of these amounts are not yet programmed for in the 2004 request that you have before you. There will certainly be a need to come forward through supplemental action to request more funds.

I don't have a specific number that I can give you today, sir, because not all of this has been worked out yet. In fact, I was having discussions with a Turkish delegation that is here this morning before coming up here, but as soon as we have a handle on this entire package, we will be coming forward to discuss it with the Congress.

With respect to the cost of this war and how to pay for the cost, it is not going to be quite the same, I don't think, as the Gulf War. It will be a different kind of coalition. I am not sure under what authority it will be conducted under, if we do have a conflict, whether it will be under U.N. resolution or whether it would not be, just a coalition of the willing, and the sources of funds that were available to President Bush back in 1991 in various countries isn't quite the same as it is now. We have begun discussions within the administration, discussions with some of our friends and allies about our expectation that they would assist with paying the costs of our operation as well as the cost of whatever might be required in Iraq afterwards, but I don't have a specific number that I can give you today or a percentage.

Chairman NUSSLE. Mr. Moore.

Mr. MOORE. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here. I am very grateful for the experience, for the compassion and for the wisdom that you bring to the office, the high office you hold.

I want to just talk about two or three areas and get you again to comment, if you can and if you will, please, as you have time.

Chairman NUSSLE. If the gentleman, just for—because the Secretary is only here for another hour and we have a number of members, if we keep asking three questions, use 5 minutes and then allow him to answer three questions, we are going to run out of time. So I would—obviously, you can use your 5 minutes how you would like, but I would ask members to try and keep it within that 5 minutes so that the Secretary can answer as many questions from members as possible.

Mr. MOORE. Thank you, Mr. Chairman. I will be brief here then.

Recent newspaper reports indicate that North Korea has attempted to engage in discussions with our country and that they feel that they may have been rebuffed. I would like to know if this is true, and are we able to multitask here to concentrate and focus on what is happening in Iraq and the situation there and at the same time engage in talks with North Korea? Because that could be obviously a very hot spot, and I know you know that better than any of us here in this room?

No. 2, news reports again indicate that there have been recent discoveries of missiles in Iraq that may have longer range than is

permissible. What effect might that have on Dr. Blix's report tomorrow, as you have indicated?

Finally, the last question, I will just give you the rest of my time to try and answer as you can to comply with the chairman's request here. I leave on Saturday with a bipartisan group of Members of Congress to meet with parliamentarians and the NATO allies. Anything that I can convey to our friends and German friends?

Thank you, Mr. Chairman—or Mr. Secretary.

Secretary POWELL. On the second point, the missiles that were found to violate the U.N. restriction of 150 kilometers, I won't prejudge what Dr. Blix will say tomorrow, but I think this is a serious matter. If that is what he confirms tomorrow in his presentation, it shows continued Iraqi noncompliance. I think it could be a serious matter, and I look forward to Dr. Blix's report. I will be up there at the Security Council to hear it.

With respect to NATO, I hope you will convey to my French colleagues, and other members of the alliance the position that I took here earlier today, and that is that 1441 has to have force behind it. It can't just keep going on and on and on with inspections in the presence of Iraqi noncompliance. The issue is Iraqi compliance, not how many inspectors for how long. We cannot allow ourselves to be diverted from the task at hand, which is the disarmament of Iraq. The disarmament of Iraq can take place tomorrow morning if Saddam Hussein cooperates in the way intended by 1441.

On your first point with respect to North Korea, we have a number of channels that we are using to talk to the North Koreans, as well as our own direct channel, a bureaucratic channel that we have to talk to the North Koreans.

What we said to them is that we are deeply concerned that, as a result of the previous time we talked directly to you in setting up the agreed framework, we thought we had put the genie back in the bottle and a cork in the bottle with respect to nuclear programs. The previous administration that negotiated that agreement was unaware, and we were unaware for the first year of this administration that you had another bottle with another genie trying to develop nuclear weapons in another way, through enriched uranium and not through plutonium reprocessing.

This is a very serious matter. We referred it to the IAEA, which yesterday referred it to the United Nations Security Council. What we said to the North Koreans is that we are willing to talk to you, but it can't just be the United States and the DPRK. We have to find a way to have other concerned nations involved.

China is threatened. Russia is threatened. South Korea is threatened. They are all encouraging us to talk to North Korea as well. We are willing to do that, but we believe this time we have to have a regional understanding, a regional settlement, and that is what we have been pressing on the North Koreans. But the North Korean position so far has been no, that is strictly between the United States and the DPRK, and that is the only basis upon which we will talk to the United States.

We believe we have to find a way to broaden that dialogue, because so many other countries have an interest in it, and so many other countries are affected by it. We still think there is a possi-

bility of diplomatic solution. Even the North Koreans have said that. We are watching carefully, and we know that if they keep moving down the track they have been moving on and start up the reactor and then go to reprocessing, then we are facing a new and more difficult situation.

Mr. MOORE. I understand and I agree exactly with what you said, but I do hope that we can sit down, even if it means the United States alone, and begin discussions and then involve the other nations on a regional basis. Because, if we don't talk, the alternative is not a pleasant one.

Thank you very much, Mr. Secretary.

Secretary POWELL. Thank you, sir.

Chairman NUSSLE. Thank you.

Mr. Thornberry.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Mr. Secretary, I am particularly interested and even a little excited about some of the new initiatives in your budget. My view is the American people are a generous people, but they are a little skeptical about our foreign aid, whether it really gets to the people we are trying to help and, once it does, is it really helping them? It is a little bit like I think we viewed our welfare system in the past, that with good intentions sometimes it traps people.

The Millennium Challenge Account is something that I am very interested in and particularly some of the criteria that you are going to use to fund that program. For example, I have come to believe that the ideas put forward by Hernando DeSoto, that property rights is a fundamental building block, are absolutely correct and that if you try to help people and yet they cannot have the government help them hold on to their house or their business, that really you haven't helped anything.

On the other hand, if you can build on things and have something to pass along to your children, that not only provides stability to society, it provides hope where there may be none in a variety of places; and that has implications for terrorism and a number of other things.

I guess what I really want to know is, are property rights going to be one of the key criteria that you are going to use and encouragements that you are going to use in that account?

Secretary POWELL. I don't know that we have it as one of the criteria for consideration of a request, but it is a good idea, Mr. Thornberry, and I would like to take it back and put it into the staffing process, because I agree entirely with you. To take it one step further, when you do have protected property rights, protected by the rule of law, and individuals can own property and pass property, they also can develop equity, and you are releasing the wealth of the nation that is held in the form of land and property. And we have seen what we can do with that here in the United States. So I believe that property rights should be something that we ought to look at as part of our program.

Mr. THORNBERRY. Well, if we can help build that criteria into the funding mechanism, I think we should have that dialogue.

It has been pointed out to me that some of the same countries that you all may be looking at have been part of the International Development Association loans, and in a 40-year period exactly one

country has graduated or met their criteria. We don't want to repeat the mistakes of the past. We want to do better than that and lift people up, and it seems to me we are going to have to have different approaches to do that.

Secretary POWELL. Thank you, Mr. Thornberry.

Mr. THORNBERRY. Thank you, sir.

Chairman NUSSLE. Mr. Edwards.

Mr. EDWARDS. Mr. Secretary, thank you for your lifetime of distinguished service to our country, both in uniform and out.

I would like to ask two questions, and then perhaps the third one would be for written answer, if we could.

We know that since 1992 there have been at least 14 cases where nuclear material, highly enriched uranium has been stolen from Russia, and in those cases Russian authorities found it and returned it. But I still think we need to do much more and be much bolder in protecting nuclear materials abroad from theft by terrorists.

On another subcommittee I am on, I am with the Nunn-Lugar program. I don't think those resources can be used outside of Russia. But my question is, do you think, if resources were available, would Russia and other former Soviet states be willing to be more aggressive in working with us to provide better material protection of that nuclear material, possibly including major purchases by the United States of that material?

My second question is this. I have the privilege of representing Fort Hood that you are familiar with in Texas, the only two-division Army in the United States. We are in the process of deploying 12,500 soldiers as we speak to the Iraqi theatre, and if first cavalry follows suit in the Iraqi theatre and Korea, we could have 30,000 soldiers from Fort Hood deployed in harm's way.

Would you please use your influence as the President's chief foreign adviser to talk to either the OMB budget analysts or someone above that pay grade to tell them it is a horrible thing to be sending these troops abroad when, at the same time, we are giving them a stub as they get on the plane that says, by the way, we are cutting your children's education fund, the Impact Aid military education fund, dramatically. The two school districts that provide public education for the children of those 44,000 soldiers at Fort Hood will be cut under the administration budget proposal \$31 million.

I know this isn't under your direct authority, but certainly the morale of our servicemen and women is vital to success in our standing up to Saddam Hussein. I please urge you to use your influence to have that issue addressed; and I think the quicker, the better. Normally, we could address this through the normal appropriations process and kill that budget proposal, because most administrations, Republican and Democrat, have proposed it one way or another. But in this case, I think for morale purposes, it is hurting morale, and we need to deal with it quickly.

The final question in writing perhaps is, if we have a clear U.S. law against using any tax dollars to fund a single abortion overseas, then why did the administration in fact line-item veto \$34 million for U.N. family planning funds for maternal health programs and also birth control programs and frankly could help pre-

vent abortions? Perhaps maybe in that written answer some information about how those funds have been used in other programs, hopefully for some of the same purposes.

Secretary POWELL. Thank you, Mr. Edwards.

On the last point, I will provide you a full answer for the record. As you know, it is a complex issue, but we have reapplied the funds. Whether they will be able to actually flow to the accounts which are similar still remains to be seen.

[The information referred to follows:]

LETTER IN RESPONSE TO MR. EDWARDS QUESTION REGARDING THE ADMINISTRATION'S
VETO ON THE U.N. FAMILY PLANNING FUNDS

U.S. DEPARTMENT OF STATE,
Washington, DC, March 26, 2003.

DEAR MR. EDWARDS: At the House Budget Committee hearing on February 13 you asked Secretary Powell why the administration “* * *[I]n effect, line item veto[ed] \$34 million for U.N. family planning funds [UNFPA] for maternal health programs and also birth control programs and, frankly, that could help prevent abortions?” In addition, you also requested the Department supply “* * *[S]ome information about how those funds have been used in other programs, hopefully, for some of the same purposes.” The Secretary indicated that the Department of State would provide additional information for the record, and we are pleased to do so.

The Secretary determined in July 2002 that China's national coercive abortion and sterilization policies had triggered restrictions contained annually in the Foreign Operations Appropriations Act known as Kemp-Kasten, which states that financial and other assistance cannot be provided to any organization which supports or participates in the management of a program of coercive abortion or involuntary sterilization. After this determination had been made we were precluded from providing our planned \$34 million in fiscal year 2002 funding to UNFPA.

On September 30, 2002, the President directed that the funds in question be transferred to the Child Survival and Health Programs Fund with the instruction that the funds be used for maternal and reproductive health and related programs. Pursuant to this instruction, and keeping in mind the Secretary's intent to use the funds in countries with the greatest need and as originally envisaged for the purpose of family planning and reproductive health care, the State Department selected Afghanistan and Pakistan to receive the funds.

On January 16, 2003, the Agency for International Development notified Congress in the attached congressional notification of our intent to fund reproductive health and maternal health and related programs in Afghanistan and Pakistan. The January 16 notification details our plan to spend \$25 million on these programs in Afghanistan and \$9 million in Pakistan. Afghanistan and Pakistan are priorities of the President and of current United States assistance efforts. Focusing on programs related to the critical reproductive and maternal health needs in these countries will have a significant immediate impact on the lives of women and their families, while also helping reshape these countries' health programs to promote a longterm and sustainable improvement.

After the attached notification was sent to Congress, holds were placed on this funding. Additionally, the enactment of the fiscal year 2003 omnibus appropriations act contained additional provisions relating to the use of these funds. We continue to examine the situation and hope to resolve the issue as soon as possible so we can obligate the funds to address the critically urgent maternal and reproductive health care needs in Afghanistan and Pakistan.

We hope you find this information useful, please do not hesitate to contact us if we can be of further assistance.

Sincerely,

PAUL V. KELLY,
Assistant Secretary, Legislative Affairs.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT ADVICE
OF PROGRAM CHANGE

Program: Two countries—Afghanistan and Pakistan
Appropriation Category: Child Survival and Health Programs Fund

The purpose of this notification is to advise that the \$34 million transferred to the Child Survival and Health Programs Fund on September 30, 2002, will be used for reproductive health and maternal health and related programs as directed by President Bush. The funds will support such activities in Afghanistan and Pakistan.

In accordance with the decision by President Bush, the \$34 million originally intended in fiscal year 2002 for UNFPA were transferred to the Child Survival and Health Programs Fund.

Both Afghanistan and Pakistan are in dire need of basic health programs including reproductive and maternal health programs. In both countries, USAID has recently begun to support a program of maternal and child health care and family planning activities. With this additional funding, USAID will be able to add more programs in the areas of reproductive health and maternal health and related programs, including child survival activities, and to integrate them into broader basic health initiatives. This expansion of the programs will save or improve the lives of many thousands of women and children.

Focusing the \$34 million on Afghanistan and Pakistan will not only offer a greater immediate impact in these two countries, but will also allow USAID to reshape and expand the health programs in these two countries so that future health care will improve throughout both countries. Because health indicators in these countries are so poor and the needs so great, funds spent here will be very effective in terms of results achieved per dollar spent.

Funding Afghanistan and Pakistan is critical because:

- The President has made assistance to Afghanistan a priority in the post-Taliban period;
- Parts of Afghanistan have maternal mortality rates that are the highest ever recorded in the world;
- Both Afghanistan and Pakistan have extremely high maternal and infant mortality and morbidity ratios, reflecting their critical maternal and infant health needs;
- Both Afghanistan and Pakistan have a dire need for maternal and reproductive health care, including family planning, and the two countries are linked together geographically and culturally;
- Both countries face a shortfall of country-level resources and/or persistent neglect of the social sector (e.g., resources are prioritized to military spending and not to social services, including health); and
- The infusion of these funds will permit the accelerated introduction of high quality, culturally-acceptable maternal and reproductive health care and child survival interventions in poor and underserved regions.

Specific allocations are based in part on the absorptive capacity of local institutions and specific infrastructure needs. In Afghanistan, costs are higher due to the substantial investment needed to rebuild the local infrastructure for basic health services.

The funds will be used to accelerate and expand maternal and reproductive health care, including family planning and child survival, without creating requirements for funds that cannot be sustained. Priority investments include on-the-ground training for midwives, community health workers and other medical personnel; building, equipping and refurbishing clinics, and provision of supplies including support for a broad range of family planning methods, micronutrients, birthing kits, prenatal, postnatal and neonatal care packages, and medical and surgical supplies.

Providing these types of reproductive and maternal health care and child survival interventions will save lives immediately upon initiation of the programs. By protecting the lives and health of women and children, such care will be a sound base for long term health gains for those individuals helped during the next few years. In addition, by visibly increasing the quality of maternal and child health care and thereby demonstrating the utility of seeking medical care, the program will educate the population about the value of health care and encourage the population to seek health care in the future, which will lead to long-term health gains for the population as a whole.

PROGRAM DATA SHEET

USAID mission: Afghanistan

Strategic objective and number: TBD

Planned fiscal year 2003 obligation and funding source: \$TBD

Unobligated prior year funds and funding source: \$25,000,000 CSH

After years of conflict, Afghanistan ranks near the bottom on key health indicators¹:

- Maternal mortality rate [MMR]: 1,600 maternal deaths per 100,000 live births;
- Percent of births that take place in the presence of trained birth assistance: <10 percent;
- Infant mortality rate [IMR]: 154 infant deaths per 1,000 births.

The results of a recent study² by the Centers for Disease Control [CDC] indicate that overall maternal mortality in Afghanistan is the worst in Asia and ranks among the worst in the world. The CDC estimated Afghanistan's MMR to be 1,600 and documented a MMR of 6,500—the highest ever recorded—in the remote Badakshan region, one of the regions where this assistance will be used.

USAID allocated nearly \$15 million in fiscal year 2002 to developing a comprehensive program of health assistance for Afghanistan that is helping reestablish a health infrastructure from the ground up. The core program provides integrated services that include immunization, care for childhood illness, antenatal and postnatal care, and vitamin A supplementation, and other basic health care services. The \$25 million in this notification will expand the areas of coverage and types of care provided by the core health program.

Midwife: Training and Clinic Program. A key barrier to health care is the lack of female health care providers. After years of Taliban rule, few trained female health care providers exist and those who still practice do not have adequate skills to provide life-saving services. Access to maternal and reproductive health care, including family planning, has been particularly adversely affected by the lack of female providers. The midwife program will expand and accelerate access to maternal and reproductive health care by integrating it into the national basic health care system.

The funds will help develop and expand the infrastructure and training programs needed to increase rapidly the number of skilled female health care providers. The funds will cover start-up costs, such as curriculum development and equipment of clinical training sites, for the midwife training program, thereby allowing planned budgets for future years to manage and support the midwife training with relatively low recurrent costs. In this manner, the funds under this notification will extend high quality and culturally acceptable maternal and reproductive health care, including family planning, to poor and under-served regions of Afghanistan.

The midwife training program will: Recruit, train, and deploy auxiliary midwives in poor, under-served regions of Afghanistan. The training of these midwives is expected to take 18 months and is in line with the National Safe Motherhood Initiative that will expand the provision of essential obstetrical care and family planning services throughout Afghanistan. This program is expected to train at least 250 midwives over the first 2 years, with much larger numbers thereafter. Each midwife is expected to serve a community of 30,000.

- Train teams of master trainers of physicians and midwives. Only one such team exists currently; the additional funds will expand the number of master trainer teams.

- Develop training and educational materials on midwifery, pre- and post-natal care, hygiene and nutrition, and family planning, and translate these materials into local languages.

The clinic program will:

- Build, refurbish and equip clinical teaching and service sites. These sites will provide high quality maternal, reproductive and child health care, as well as supplies to support a broad range of family planning methods.
- Equip at least 250 clinic sites where the trained midwives will be posted.

Complementary activities. The funds will support the following activities to complement the clinic and midwife program:

- Surveying: USAID will arrange to assess needs, demand and provider practices in order to provide a baseline for future government, NGO and donor support of maternal and reproductive health care, including family planning.
- Integrating multiple types of care: Integrate prenatal, postpartum and neonatal care, as well as family planning services, into ongoing primary health care programs now being implemented. This integration will be accomplished by training of providers and by providing appropriate equipment and supplies.

¹Source for most indicators is the 2002 World Population Data Sheet produced by the population Reference Bureau. Maternal mortality ratio for Afghanistan is taken from Bartlett, Linda et al, Maternal Mortality in Afghanistan: Magnitude, Causes Risk Factors and Preventability Summary Findings. November 6, 2002. CDC Press Release.

²Bartlett, Linda et al, op—cit.

- Involving NGOs and the private sector: Increase access to maternal and reproductive health care, including family planning, and child health information and services through grants to NGOs and other private sector channels, including private midwives and pharmacists.

PROGRAM DATA SHEET

USAID mission: Pakistan

Strategic objective and number: Improving Basic Health Services, 399-XXX¹

Planned fiscal year 2003 obligation and funding source: \$TBD

Unobligated prior year funds and funding source: \$9,000,000 CSH

Key reproductive health indicators for Pakistan have seen little change over the 8 years.

- Maternal mortality rate [MMR]: 200 maternal deaths per 100,000 live births (and estimated to be considerably higher in remote areas);
- Birth assistance rate: approximately 20 percent;
- Infant mortality rate [IMR]: 86 infant deaths per 1,000 births.

The funds provided under this notification supplement USAID/Pakistan's current basic health care program restarted in fiscal year 2002 after an eight-year hiatus. The current program includes child survival, maternal health, and related, basic health care services, and HIV/AIDS prevention activities. The funds provided under this notification will expand maternal and reproductive health care programs and related programs.

Like the Afghanistan program, the Pakistan program is in the early stages of design and implementation. The additional funds will be used to accelerate the implementation schedule of planned activities and to expand their scope. For example, these funds will cover start-up costs, such as refurbishment and equipment, which tend to be higher than recurrent costs. The recurrent costs for sustaining the activities will be able to be covered by USAID/Pakistan's regular budget.

The \$9 million will support expansion of maternal and reproductive health care, including family planning products and services, to poor and underserved rural areas. The program will include funding of private sector health care providers who will work as partners with the Pakistani Government.

Specifically, the funds will be used to:

- Increase number of health care points: Expand maternal and reproductive health care, including family planning, to an additional 300 health care points where the social marketing program plans to offer integrated health services including well-baby care, immunizations, nutritional supplementation, and pre- and post-natal care. The program will work closely with local NGOs to ensure it responds to the needs of the communities.
- Train midwives: Assist the Government of Pakistan to launch an ambitious program to train 50,000 new midwives throughout the country. At present there are virtually no trained midwives in Pakistan and a trained attendant assists only 20 percent of births. As with the midwife training program described for Afghanistan, this program will require development of training curricula, preparation of training sites and training of trainers.
- Train community health workers: Train 1,000 additional community health workers through local NGOS to provide basic information to rural communities about maternal health care and reproductive health care, including family planning.
- Integrate multiple types of care: Integrate neonatal care and treatment into maternal and post-partum care in all health care points.
- Integrate post-abortion care: Double the number of sites for post-abortion care (which USAID defines to include treatment of emergency conditions or injuries caused by abortion) to 542 health care sites over 2 years; integrate such care into basic health care, and link women receiving emergency care to family planning information and supplies in order to help prevent future abortions.
- Conduct surveys: Gather health information on infant/child and maternal mortality and morbidity to guide the Pakistani government, donors, NGOs, and program implementers in making policy and program improvements.

Secretary POWELL. On your first question, we are in aggressive conversations with the Russian federation on this issue with respect to highly enriched uranium and other materials left over from the old Soviet Union. Nunn-Lugar is a program we support,

¹ Pakistan's health strategic objective is currently undergoing development and has not yet been assigned a numerical symbol.

and we are also working on other programs within the G-8 community to provide additional funds for the destruction of chemical materials, as well as other kinds of weapons of mass destruction materials that might leak out of the old Soviet Union. We have funding in our export control accounts for another \$40 million to train people to intercept weapons of mass destruction, giving them the technology, the training to identify this kind of leakage of material and enhance their border controls.

With respect to the Fort Hood system and Impact Aid, I am very familiar with Impact Aid. In an earlier phase of my life, I used to be the superintendent of schools at Fort Campbell, Kentucky, and I not only had a full range of titles, six schools that were under my responsibility, but as a father of three kids in military schools and communities, serving in the military, I am familiar with Impact Aid; and I will convey your thoughts to my colleagues at OMB.

Mr. EDWARDS. Thank you, sir.

Chairman NUSSLE. Mr. Hastings.

Mr. HASTINGS. Thank you, Mr. Chairman; and, Mr. Secretary, I want to congratulate you for all time that you have taken to be on the Hill on both sides of the rotunda. You said at the outset that is your responsibility, and it is in a free and open society, but your answers to all my colleagues' questions I think really illuminate where we are now and why we may have to act, and I think the American people appreciate that forthrightness.

I want to change gears, however, and talk entirely—not talk about the current time but talk about the past and talk about another war, the Second World War. There was a Federal appeals court in California that recently ruled that the dismissal of World War II-based damage claims against Japanese companies against U.S. prisoners of war, they upheld that dismissal. Now my understanding is that these claims, whether by Americans against Japanese or Japanese against Americans, are clearly barred by the 1951 treaty after the Second World War.

Now my question arises, because a California State appellate court recently refused to dismiss some of these claims, and I wonder that if these cases, if they are allowed to proceed to recovery, would abrogate that 1951 treaty.

Now I am advised that during a past Congress the State Department opposed any legislation that would have enabled any of these lawsuits in the current Congress. Then can I assume that you would continue to oppose those lawsuits, but in lieu of such lawsuits, would you support legislation that would maybe provide limited payments to these former POWs? So this is something that has come up, particularly with those that served and were part of the Death March of Bataan.

Secretary POWELL. Yes, sir. I am very familiar with the issue and have studied it on a number of occasions over the past 2 years. These were our folks, and they suffered mightily during the Bataan Death March, and I feel they are entitled to some compensation for their suffering.

The difficult legal situation we find ourselves in is that the 1951 treaty, by its terms, resolved all outstanding claims. As a matter of precedent and international law, we have to defend that principle of the treaty trumping all other claims in this matter. That

is the reason that the State Department has held firmly to the position that the treaty resolve these claims and these issues.

At the same time, we have been trying to find creative ways outside of the law and outside of the treaty whereby a form of compensation might be provided to these veterans. I can't speak specifically to the legislation you might have in mind, sir, but I would certainly be more than willing and anxious to take a look at it, to see if it is a way forward.

But I have to stand on the principle of the treaty resolving the claims. Otherwise, we would open up all sorts of other opportunities for claims that were settled by other treaties or by this treaty.

Mr. HASTINGS. Thank you very much, Mr. Secretary.

Mr. SHAYS [presiding]. Mr. Scott.

Mr. SCOTT. Thank you.

Thank you, Mr. Secretary. Thank you again for your service to our country.

I want to add my voice to the gentleman from Texas about Impact Aid. If you are a superintendent—former superintendent of schools of an impacted school district, we don't have to tell you what to say, but, hopefully, you will say it to OMB.

Mr. Secretary, I don't know if you are familiar with Operation Smile. It is an organization of plastic surgeons headed by Bill and Kathy Magee who take missions to at least 20 different countries, providing plastic surgery for those with cleft lip.

Secretary POWELL. I am very familiar with it.

Mr. SCOTT. That is a kind of program that, when they leave, they have not only impacted a few hundred children and changed their lives, but it is also a ton of good will that they leave behind. Is that something—

Secretary POWELL. And the training and capacity that they leave behind.

Mr. SCOTT [continuing]. Is that something that could be funded by the State Department? It is basically a volunteer operation. They don't charge anything for their services, but there are a lot of expenses involved. Is that something that we could find something in the State Department to help fund? And if so, who would I talk to?

Secretary POWELL. Well, you are talking to the right guy. Let me take it back to the Department and look at it. I can't answer off the top of my head. It would depend on the nature of the organization, the nature of its status, grant applications and a rather complicated process. We have so many hundreds and hundreds, if not thousands, of organizations that would like to receive funding from the government in one form or another, from the State Department, the HHS and elsewhere.

I am very familiar with Operation Smile and other similar programs. They have done a great job, especially starting in China, and places like that and in the Americas where they have done just fantastic work in giving youngsters hope.

Mr. SCOTT. We will be in touch with your office directly, Mr. Secretary.

On Haiti, I have a lot of different questions, and it is a major issue with the Congressional Black Caucus. Rather than talk about this now, could you meet with the Congressional Black Caucus

Task Force? I think you will be invited shortly. If we can get a commitment from you to meet with them, I think there are a lot of different issues that we would like to discuss with you.

Secretary POWELL. I look forward to the invitation. My Assistant Secretary Paul Kelly is here, and I am sure he will be looking forward to it coming down.

Mr. SCOTT. You mentioned your new hires. Will an effort be made to make sure that the new hires reflect the language deficiencies and ethnic deficiencies that we have? It seems to me that we don't have enough people that speak enough different languages so that we could fulfill our mission appropriately.

Secretary POWELL. We are certainly looking at ethnic deficiencies. We have a number of programs, the Serrano Scholars, Charlie Rangel's program at Howard University, things we are doing with the community college system and my old alma mater in New York City, and we are also focusing on languages as well.

We still remain a nation of immigrants, and when they come they bring those language skills with them. We are trying to tap into that as well and also enhance what I believe is the finest language training facility in the United States, and that is at our Foreign Service Institute.

Mr. SCOTT. In the AIDS initiative, there are some ways of spending the money where the money can get stretched out a little more. Are we making an effort to try and negotiate with the drug companies to get better prices?

Secretary POWELL. Yes, and we have been working with Kofi Annan who has done great work in this as well. There has been quite a bit of success in driving the cost down. At one time, providing a year's worth of antiretroviral drugs from somebody suffering from AIDS would have been \$12,000 a year. It has been driven down now to in the neighborhood of \$300 a year. But \$300 a year is still a lot of money in some of these undeveloped countries. It could be a whole year's worth of income. We have to do a better job, and we are working on it.

Mr. SCOTT. Now there is some accounts that the money can be put in where it is leveraged and others where it is not leveraged—the global AIDS initiative, I believe.

Secretary POWELL. Yes. In almost all of our new programs, Millennium Challenge Account and others, we are looking to leverage through public-private partnerships where we will partner the government money with private money, nongovernmental organization money. When I went to the World Summit on Sustainable Development in South Africa last year, I talked about these kinds of public-private partnerships.

Mr. SCOTT. There is some concern that some of this money may not be new money, it may be shifted from other accounts. Can we talk to somebody that can explain—

Secretary POWELL. We can provide that for the record.

The \$15 billion that the President made reference to in his State of the Union Address for the global initiative on HIV/AIDS, some \$5 billion of that would be reallocation of funds from existing accounts, and \$10 billion is new. Of the \$15 billion, \$1 billion would go to the Global Health Fund.

Mr. SHAYS. Thank you.

Next will be Congressman Putnam, and then we will go to Congressman Thompson.

Mr. PUTNAM. Thank you, Mr. Chairman.

Secretary Powell, it is a pleasure to have you here; and, of course, it is always nice to be midway on the questioning standpoint, because all the big ones are out of the way.

I want to talk to you a little bit about something, though, that is a larger issue impacting this country, and that is the demographics of the countries that represent emerging threats. Iran has somewhere around two-thirds of their population under 20 or 25. The Gulf States, some of them are 45-percent under the age of 15, presenting what I believe is a long-term generational conflict, where half of their economic potential has been taken off the table by the exclusion of women and the young men who remain, as we have talked about earlier with regard to Africa, are restless and rife for trouble.

How through our public diplomacy channels are we reaching that generation in a sustained, meaningful way?

Secretary POWELL. There are a number of things we are doing, Mr. Putnam. One of our efforts is working in a public-private partnership with Radio SAWA. We are starting to tailor some of our broadcast efforts, both in the government and working with media outlets outside the government to talk to that younger population. I am encouraging my ambassadors, and the work I do in talking to people I am increasingly trying to get into the younger population. The largest audience I have had as Secretary of State is when I went on MTV and spoke to 350 million people at one time, most of whom were under the age of 18, I would guess.

The new partnership initiative that we have created for the Middle East will talk about the education of young people and turning young people on, to not just a religious education, but an education that will get them a job. The demographic facts that you laid out a moment ago are absolutely right on. These populations are young, they are restless, they are in this information age where they can see what is happening elsewhere in the world, and they want to know how do I get a part of it, how can I be a part of that world, and is my government, is my society, is the system in which I am living in tune with the world that I can now see instantaneously, and am I being prepared for it?

There are countries in the area that you touch on where they still haven't come to the realization that you cannot disenfranchise 50 percent of the population because they are women; and then among the male population, those who are coming up, you don't give them an education that is relevant to the kinds of jobs you are going to need to have being performed. We are now drilling on this in all of our conversations with nations that fall into that category.

Through our public diplomacy efforts, through our partnership efforts with respect to education, in our efforts with the Millennium Challenge Account, we are directing all of these efforts toward younger and younger elements of the population who are still in their formative stage of development, when they are still thinking, do they become radical or do they see a future because there is a job waiting for them? Coming from a society and a political system that is committed to democracy, not to ripping off the economy and

ripping off the wealth of the Nation, and are committed to helping them enter into an economic system that will allow them to provide a roof over their heads of their family members and to let them have a bright future.

If we don't do that, then they will all be going to terrorist camps somewhere.

Mr. PUTNAM. I can't imagine a more important long-term mission for State and for diplomatic efforts than speaking to that emerging population.

Are we doing an adequate job in our own country of preparing young people and educating young people with the skills that they need to be good Foreign Service Officers and good members of your diplomatic corps with the language skills and training, beyond just French and Spanish that most high schools offer? Are we preparing them for the languages and the cultures that represent the greatest need for our diplomacy?

Secretary POWELL. Probably not in the high schools of America. I don't think we spend enough time on geography and social studies and language, beyond basic Spanish and French.

At the same time I am enormously impressed by the youngsters, and not so young people that take our Foreign Service exam. They come in committed, and to just take that exam you have got to have a heck of a background to even think you could pass it. You have to develop quite a bit of experience and prepare yourself educationally and motivationally to working in foreign fields and taking on the arduous nature of Foreign Service, and we are getting a heck of a turnout. We are getting tens of thousands of youngsters who are bringing those skills to the table.

Either I or Deputy Secretary Armitage swear in every single new junior officer class. We believe it is that important that I ought to swear them in, or Rich will swear them in if I am not around. Before I go up to the ceremony and talk to these youngsters, they just look like soldiers from my old career. Their eyes are burning and they have got smiles on their faces. I look at the files of all of these youngsters before I go up and swear them in just to see what the group is like, and they will range in age from 25 to 50. Some will come having had full careers elsewhere. They may be retired military. They may be coming out of corporate life after a successful career and want to change and serve after the age of 45. They bring all kinds of background experience and very often some considerable language skill into the Foreign Service.

Mr. SHAYS. We are going to go from Congressman Thompson to Congressman Brown.

Mr. THOMPSON. Thank you, Mr. Chairman.

Mr. Secretary, thank you very much for being here. I also want to thank you for your great service. Although you said it was part of your job to be here, I am here to tell you that, with the 85 percent poll numbers that you have, you can be anywhere that you want.

I would like to ask you a little bit about Afghanistan and the alarming reports that we are getting from there. I am heartened by your words in your statement about the progress that we are making and the good things that are happening, but it seems that we become more and more vulnerable over there, and there is a

great deal of instability. And I think that everybody would believe that President Karzai has provided some measure of stability in the area, and now there are rumors that he may not seek a second term. I would like to get an idea of what that means to you and what pieces aren't effectively working over there. How can we fix those, and what sort of costs are going to be associated with that?

Secretary POWELL. I don't know what President Karzai might or might not do. I heard the same reports, but let me just say that he has been a tremendous leader. He was the man we needed at the time we needed such an individual. I am so pleased he took the risks associated with assuming a leadership position, and he has done it very well. I hope he takes a long time to decide what he is going to do next, and perhaps I will have a conversation with him if he is looking for any advice.

With respect to the situation in Afghanistan, it is still fragile, it is still dangerous, and it is especially dangerous in the southeast area, as you get toward the Pakistan border and where you find the border is linked up, of course, with the tribal areas on the other side of Pakistan, which have never been under the same degree of control that other parts of Pakistan are. It is still dangerous. You still see American soldiers hunting people down in those caves, trying to get them out. There are still bombs that go off from time-to-time. We are still taking casualties, and we should never forget that. The casualty level hasn't been great, although every casualty is great for that family. I think slowly but surely we are imposing our will and pulling out these al Qaeda remnants, but it will take a long time.

In the 2004 request we have \$658 million for Afghanistan. When you go back to the 2001 and 2002 Emergency Response Fund and supplementals in 2002, and in the 2003 request, we have an investment of some \$1.66 billion. We are going to be there for a considerable period of time.

When the President went in, he said he would stay with it so we don't let Afghanistan fall back to tribalism and fall back to being a failed society. We had an obligation when we went in, just as we will have an obligation if it is necessary to go into Iraq.

Mr. THOMPSON. Considerable time and considerable dollars.

Secretary POWELL. Considerable time and considerable dollars for years.

Mr. THOMPSON. Can you give us any idea of what you think our long-term commitment in Iraq will be, if we do go in, after the war effort, our stabilizing force and what the cost of that is going to be?

Secretary POWELL. I cannot, sir. I can't tell you because I think over time the nature of our commitment and the nature of our presence will change. Certainly, in the first phase, it is military. We will be going in there with soldiers to take out a despotic regime, cut out the leadership of this regime, and build on the institutions that are remaining. There will be institutions remaining and there is a source of money. It is a wealthy country, but its wealth has been misspent. Initially there will be a strong military component to it. I know that the administration will move as quickly as we can to start shifting responsibilities to civil organizations of the Iraqi society as well as international organizations, non-

governmental organizations, and other U.S. agencies coming in to help.

I know the military is going to want to get out of there as fast as they can and not get tied down with another large commitment. We shouldn't deceive ourselves that some military presence may be necessary for a period of time to ensure that there is stability in that country and it doesn't break up.

I cannot give you an estimate of how many troops that would take or for what period of time. Ultimately, and as quickly as we can, we want to get it back into the hands of the Iraqi people with a responsible government representing all the people, living in peace with its neighbors, and then the United States can pull out. It will give us a chance to do other things in the region in the absence of that kind of regime. We won't need that many U.S. troops throughout that part of the world.

Mr. SHAYS. Thank you. We are going to Mr. Brown and Congressman Emanuel. Congressman Brown.

Mr. BROWN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being in this place at this time. We are grateful for your support. The question I want to ask is regarding our position with Iraq and the war on terrorism. What is the mission of the U.N., and what can we do to bring accountability to the U.N.? Must we take on the enforceability of the U.N. by ourselves?

Secretary POWELL. Right now the violations that Iraq is committing are against U.N. resolutions. The U.N. remains an important body for stating the will of the world, the will of the international community, the 191 nations in the U.N. We must continue to support the U.N. because it does reflect the will of the international community.

We have been working hard in recent years to make the U.N. a better managed organization and a more accountable organization. I think we have been able to satisfy the Congress that there has been improvement in the management of the U.N. and I think in response, Congress, with considerable wisdom, allowed to us pay most of our arrearages to the U.N. I think we are on a much better footing with respect to the leadership and management activities within the U.N., but it is still an organization that has a large number of members. Increasingly these members are democratic societies that have to respond to the passions of their people and the views of their people.

Life doesn't get easier the bigger an organization becomes and the more democratic it becomes. It requires leadership on the part of the United States to set down principles, tell people what we believe in, and then work, debate, fight, disagree, agree, compromise, find consensus among the membership of the U.N. to move forward. That is what diplomacy is about.

It is a big change in my life from being chairman of Joint Chiefs of Staff, when I said do it. Now I am Secretary of State I have to say, come on guys, let's talk. That is what diplomacy is all about. That is what democracy is all about. Sometimes I get them to agree easily, sometimes I can't get them to agree at all. That is what diplomacy is about and that is what alliance management is all about.

The U.N. is a very important institution for world order and for world peace. It is one of the reasons the President also made the decision which he announced at his speech last September 12 to re-join UNESCO because it is doing important work that we should be a part of.

Do things happen in the U.N. that annoy the devil out of us? Yes. I don't like seeing the Commission on Human Rights chaired by Libya, or the possibility that Iraq, because of an alphabetical rotation, will suddenly end up as Chair of the Conference on Disarmament at the same time we are trying to disarm it. You get these anomalies, unacceptable things that occur when you have 190 nations pulling together.

Mr. BROWN. I am grateful you are wearing this new hat and thank you very much for being here today.

Mr. SHAYS. Congressman Emanuel and Congressman Wicker will be next.

Mr. EMANUEL. Thank you, Mr. Chairman.

Mr. Secretary, as I remember, you started off with your enthusiasm to be here in front of the committee. If the choice was between the French Foreign Minister and the Budget Committee, I too would be enthused to be here. Never has the House Budget Committee looked so good.

Secretary POWELL. I will be seeing him tomorrow.

Mr. EMANUEL. Say hello from all of us.

Secretary POWELL. I shall.

Mr. EMANUEL. I have one statement and a set of questions around the nonproliferation area. Though a supporter of if we have to militarily move to deal with both Saddam Hussein and the weapons of mass destruction, I would hope that before any firing is done that NATO does not become the first casualty of that possible military conflict. And I would also hope that that conflict does not end up doing to NATO what Russia and the Soviet Union could not do in 50 years, we do in one conflict.

As a supporter of the administration, if we end up having to have a military effort, I do, I really hope that all effort is expended to stitch back what has been an important partnership for America. We are secure because of NATO, and I think one of the worst things that would happen, finally expanding it eastward and having worked on that Poland, Hungary, and Czechoslovakia—and finally after 50 years and they are getting in, we shut the lights off and shut the door on them. I think there would be nothing crueler to people of the former Eastern Bloc.

There are some 40 to 50 research reactors around the world with materials very loosely secured. And does the State Department have any plan or are you considering one to secure these materials? And anything beyond what is in your nonproliferation antiterrorism- and antimining-related programs budget?

And second, although it is in DOD, a philosophical question, your thoughts about using Nunn-Lugar as a model to expand it to deal beyond just the old Soviet Union and Ukraine but to other areas, given the conflicts and what we see both in between Pakistan and India and obviously in the Korean peninsula.

Secretary POWELL. On the first question, with your permission, Mr. Emanuel, what I would like to do is go and consult with my

colleagues at Defense and Energy, and give an answer for the record with respect to what plans we might have or might want to come up with with respect to controlling the material that comes out of the many research reactors that are around the world. I especially would want to talk to Spence Abraham about that before giving you an answer.

[The information referred to follows:]

LETTER IN RESPONSE TO MR. EMANUEL'S QUESTION REGARDING THE UNITED STATES' EFFORTS TO SECURE NUCLEAR MATERIALS

U.S. DEPARTMENT OF STATE,
Washington, DC, March 26, 2003.

DEAR MR. EMANUEL: This letter responds to the question you asked Secretary Powell in the hearing on the Department of State budget priorities for fiscal year 2004 on February 13, 2003, concerning U.S. efforts to secure nuclear materials at research reactors worldwide. The Secretary has asked that I respond on his behalf.

The U.S. is involved in a number of programs to enhance physical security at research reactors. For reactors with U.S.-origin nuclear material, the U.S. dispatches interagency teams to the countries on a periodic basis to hold discussions with their governments on their regulations and oversight of physical protection at nuclear facilities, examine the physical protection arrangements, make recommendations and, as needed, provide assistance in making necessary upgrades. We are working with the managers of this program and the interagency to enhance this effort.

The U.S. also has a longstanding policy to convert research reactors from the use of high enriched uranium (HEU) fuel to the use of low enriched uranium (LEU) fuel, which is of substantially less proliferation and terrorism concern. So far, over 30 foreign research reactors have been converted to use LEU fuel. In support of this program, the U.S. is accepting back spent research reactor fuel containing U.S.-origin nuclear material in order to promote conversion. Shipping this fuel to the U.S. and converting the reactors to low enriched uranium fuel reduces their attractiveness as a target for terrorists.

The U.S. is also working with Russia and the International Atomic Energy Agency (IAEA) on a program similar to the one in the U.S. to ship HEU spent fuel from Soviet-era research reactors located in third countries to Russia for management and disposition. In cooperation with the Russian and Serbian governments, the U.S. led a successful effort to move a stockpile of fresh HEU, which represented a possible terrorist target, from Serbia to Russia for down-blending.

The IAEA has a program called the International Physical Protection Advisory Service (IPPAS) under which member states can request a multinational team to evaluate its physical protection infrastructure and make recommendations for improvements. The U.S. actively supports this program and often provides technical and financial support to implement needed upgrades. This is one part of the IAEA's Action Plan to Combat Nuclear Terrorism. The plan also assists IAEA member States in other ways, for example, to improve their systems of accounting and control for nuclear material, to do a better job of stopping illicit trafficking and improving controls on radioactive materials. The U.S. has so far contributed \$8 million to funding this Action Plan.

In addition to these programs, the U.S. also has an extensive program to ensure the adequate physical protection of nuclear material at facilities in Russia and the new independent and Baltic states, including research reactors.

Even as I write this letter, the U.S. is working in Vienna at the DKEA on two complementary tracks to help reduce the risk from nuclear and other radioactive materials. One track has as its goal amendment of the Convention on the Physical Protection of Nuclear Materials to extend its coverage to nuclear materials in peaceful uses during domestic transport, use and storage. This amendment process will result in an international legal obligation to maintain adequate physical protection at civilian research reactors and other civilian nuclear facilities. The second track is intended to improve controls on radioactive sources in civilian use, especially those that are the most dangerous, and thereby reduce the risk of radiological terrorism. Secretary Abraham announced Monday that the United States would provide \$3 million to help states bring dangerous sources under control and then maintain them safely and securely. This will help to augment the IAEA-Russia-U.S. program that will accomplish the same goal in the new independent states.

For the future, we are beginning to promote enhanced efforts to regulate, track, secure, and safeguard biological, chemical, nuclear and radiological materials and

the equipment and know-how needed to misuse them. Among the goals of this effort are to secure the storage facilities and enhance transportation requirements for dangerous materials and to remove dangerous materials from insecure facilities or regions. We have substantially increased our funding request for fiscal year 2004 for the Nonproliferation and Disarmament Fund in order to address the priority activities of this new initiative.

Sincerely,

PAUL V. KELLY

Assistant Secretary, Legislative Affairs.

Secretary POWELL. With respect to NATO, we are having a rough spot right now. I still have optimism that will solve the Turkish support problem in the next several days. I hope that will be the case. This alliance has weathered a lot over the last 50 years. It has faced some tough issues; it usually finds a way to solve them, sometimes not. It won't come apart. It won't cease to exist or be destroyed. It links North America to Europe. It is a great trans-Atlantic organization that will continue to have value for the nations that have been there from the beginning as well as the new nations who desperately wanted to be members.

Why did they want to be members so badly? Why? I remember in 1989 I was giving speeches when I was just made chairman of the Joint Chiefs of Staff before the cold war ended, and I kept telling my former generals when the cold war starts to end, all of these nations are going to want to be in NATO. They will want a branch transfer from the Warsaw Pact to NATO. They said, how could you say such a thing? I said, because they want to be part of an alliance that includes America. The only alliance of a security nature that includes America is NATO. NATO will continue to serve a useful purpose for many years and decades into the future.

Did I miss one Mr. Emanuel?

Mr. EMANUEL. The Nunn-Lugar bit. That could be answered later.

Secretary POWELL. No, that is easy. I think Nunn-Lugar is a great program. It is being supplemented by other programs in our nonproliferation efforts. I would say I would have no reservation about thinking of ways to expand the Nunn-Lugar concept to cover other nations. We may have a need, if and when we get into Iraq, to start destroying all the materials that are in Iraq.

Mr. EMANUEL. Thank you.

Mr. SHAYS. Let's get going. Thank you very much. We will go to Congressman Wicker and then Congressman Baird. I thank you, Congressman Emanuel.

Mr. WICKER. Thank you, Mr. Chairman.

And, Mr. Secretary, thank you once again for the time that you have allotted. With all you have going I know that you could have begged off and asked for an hour or something like that. We probably would have understood. Very important testimony today, and I really appreciate it.

I know from my previous opportunities to hear you testify and from hearing you in various forums that you deeply love America. And I love America. And it sometimes doesn't compute with people like me and my constituents that many in the rest of the world don't feel that way. And I am sure you have given a lot of thought to this.

I would like to ask to you comment about that in the context of what we do after Iraq—when we are still engaged in the larger

war. After Afghanistan, certainly there was going to always be the larger war which we are still engaged in. Tell us the effect of what I am sure will be a successful military conclusion on the region, the effect in the short term, the effect in the long term, and the effect globally. Will this give rise to additional acts of Islamic fundamentalism?

I noted yesterday a news account saying that members of this administration had expressed concern that we are losing what we had accomplished over perhaps three decades in terms of nuclear nonproliferation, with relatively small nations attempting to get a nuclear capability. And we are going to have a real problem stopping the global spread of nuclear weapons. And in that context, by my calculations we are spending .2 percent of our gross domestic product on foreign assistance. Is that the way you add it up? Is that going to be enough over the long haul?

And then finally, Mr. Secretary, how will we know when we have won the war on terrorism globally?

Secretary POWELL. On the first question with respect to fundamentalism, what might happen with the conflict in Iraq, I suspect initially there will be some disturbances. There are some people who will respond to any such conflict with demonstrations and other acts that might put some of our people at risk, and there will be expressions of anti-Americanism. I think if we do it well, and we do it successfully, and if we do it as I know we will do it, with a minimum loss of civilian life or collateral damage, we are not going to destroy Iraq in order to build Iraq. We are going in to take out a despotic regime if we have to go in.

But I think we can rapidly turn opinion around when people see what America does once it is faced with that kind of a challenge. We have a pretty good record over the last 60 years of leaving places a lot better than we found them when we went in.

It will be the fourth time in a period of 12 years we have gone into a Muslim country, a Muslim situation, not to conquer, not to take over, not to claim sovereignty, but to help Kuwait, Kosovo, Afghanistan, and then Iraq. I think it would give us opportunities to change this impression of America.

I also have to say that as I think about this, and I see expressions of anti-Americanism coming from a lot of these fundamentalists, fundamental spokespersons, that there still are lines outside of every one of my consular offices around the world. What for? They want a visa. They want to come to the United States. In fact, one of the major problems I have is the visa system. Muslim countries complaining that we have made it too hard to get visas to come to the United States because of our efforts to secure our borders. People are afraid we are going to close our doors. So the new slogan in our consular affairs operation is: Secure borders, open doors. America is open. Come on. We want you to come our hospitals, our schools, Disneyworld, Las Vegas, if that is of interest to you. We want you to come to America. People want to come to America.

So the problem we are having right now is people think we are getting too tight with respect to who can come in. Why are you fingerprinting our people? Why are you making it harder for them to go to your schools?

There is this residual feeling of support, sometimes affection, sometimes jealousy, sometimes resentment, sometimes admiration, it is all mixed up, for things American and for Americans.

Right now the problem we are having has to do more with policies that we are applying rather than we are Americans. We generate resistance because of some of the things we believe we must do with respect to Iraq, and because some people believe we have not done enough with respect to the Middle East peace process, and they are expecting to us do more. We will be doing more in the near future.

There is a residual of support and affection for the United States that I think we can get into once we deal with some of these policies that are objected to by people in the world.

Mr. SHAYS. Mr. Secretary, we are going to be getting you out at 12:30 as promised. So we have Congressman Baird, Congressman Bonner, and then Congressman Neal, and I think that is going to be it. Congressman Baird.

Mr. BAIRD. Mr. Secretary, thank you for being here and thanks to all your people who serve this country so well around the world. I will be fairly brief because I want you to have time to answer other questions.

Let me give you several questions, pick them, and make sure we stay within our 5 minutes. First of all, the Millennium Challenge Account, I think there was a recent study by the Center for Global Development suggesting that there may be in our efforts to make sure that money is well targeted—and I support that—there may be countries who are doing well in terms of many of the democratic institutions, rule of law, et cetera, but don't have the money to fund on the human capital investments, and they may paradoxically be ruled out of the very kind of funds MCA is designed to target.

Real quickly, a second issue. As I look at the countries that receive our foreign aid, too often it seems to me we are spending on countries that have so many problems and ignoring our friends. If I were to contrast Colombia with Costa Rica, for example, I would spend a lot more money in Costa Rica which has been the bastion of democracy in Central America for years, and I might spend less in a country with human rights abuses and narco-traffickers, et cetera.

Third, I am greatly concerned about State Department policies and financial spending by this country being set by people who are not confirmed by the U.S. Senate, members of nongovernment organizations, especially strident anti-choice voices associating with U.S. State Department missions and setting government policy, particularly regarding family planning and birth control, as Mr. Edwards raised.

And, finally, I hope you can talk a little bit what—if not now at some point—what we can do to make our spending more effective. We spend more in dollars than almost any other country in the world, but I am not sure we get the clout out of it in terms of the choices we make with the spending. I welcome your responses to any of those.

Secretary POWELL. On the MCA, there is a problem we will have to work our way through, there is a challenge. Some nations are

so committed to democracy and doing everything we ask of them, but they still have needs, but they are doing well enough so they are not quite as poor as those that we are going to put in the first tranche. And we are going to have to find a way to balance that, either using our other assistance accounts or some public/private partnerships. In the first instance as we start the MCA, we really need to focus on those that have the lowest GDP but have made the commitment to get them started up the road to success. I understand the problem.

Second, I think with regard to Costa Rica and Colombia, we had to make some judgments in all of these instances. In the case of Colombia, this was a problem that was directly affecting us here in the United States with respect to narco-trafficking and narco-terrorism. That is why there has been such an investment in Colombia and perhaps not as much in Costa Rica, which has been a bedrock of stability in the region for many years.

With respect to anti-choice NGOs, I think you are quite familiar with the policy of the administration and the policy of the President with respect to these issues. We try to operate our family programs and reproductive choice programs in a way that is consistent with the President's policies and philosophies.

Finally, I want to make spending as efficient as possible. We are trying to constantly cut down on overhead and make sure no money is being lost as it dribbles through the pipeline as it gets out to where it is needed.

Mr. BAIRD. This is also just a question of do we invest it in a way that when people see the investment, they say that was thanks to the United States of America? I was in Guatemala a while back and went to a place where \$2,000 would have helped people build a school and they would have said thanks to America for the next three generations.

If we can spend our money in ways that are clearly stamped, USA got you this, and it matters to you, I think we will benefit.

Secretary POWELL. We try to trademark and stencil as much as we can.

Mr. BAIRD. Thank you, Mr. Secretary.

Mr. SHAYS. We are going to go to Congressman Bonner and close with Congressman Neal.

Mr. BONNER. Mr. Secretary, at the risk of being redundant, rather than just thank you for appearing before our committee, I want to thank you once again for answering the call to public service and also ask that you pass that thanks along to your wife.

Secretary POWELL. Thank you, I will.

Mr. BONNER. You know, Congressman Davis and Congressman Lewis, before he went to Georgia to try to help them out over there, we were natives of Alabama and we are proud that she is, too. So please give her our best.

Secretary POWELL. I shall indeed. Thank you Mr. Bonner.

Mr. BONNER. I was pleased to note that in the President's budget there is funding adequate for the Child Survival and Disease Programs Account. I come to this job following Congressman Sonny Callahan, who gave birth to this idea when he chaired the Foreign Operations Subcommittee on Appropriations. It was Congressman Callahan's belief that while there may not be popular support with

the American people for increased foreign aid, there is a great deal of compassion, and anytime we can help the children of the world, that we are doing so with the support of the American people.

I am also pleased to note that there is no funding requested for the Korean Peninsula Energy Development Organization, KEDO, in view of North Korea's resumption of its nuclear weapons program. My question is: If North Korea were to negotiate in good faith tomorrow and cease its weapon activities, would the United States likely revive this assistance program? And if so, what level of funding would be contemplated and would stronger conditions be placed on this aid?

Secretary POWELL. If we were to get into a discussion with North Korea, and I expect sooner or later there will be a discussion with North Korea, about how to move forward and move away from the situation we now find ourselves in, it would have to be a comprehensive solution that would deal with the basic problem. That is North Korea's development of nuclear capability.

There are other issues we have with North Korea as well: sale of missile technology; sale of missiles themselves; and the large army that it maintains that is essentially helping to bankrupt the country.

With respect to the nuclear issue, there would have to be a comprehensive solution that would have to deal with all of the technologies that they have been exploring for the development of nuclear weapons.

I think as part of that comprehensive solution and dealing with that, we would have to say to the North Koreans, we understand that you have energy needs, which is what they say was the reason for them moving down this road. KEDO and providing HFO fuel was one way to satisfy that requirement. Lightwater reactors was also part of the agreed framework to satisfy that requirement.

I think as we looked into the future we would have to make a judgment about what is the best way to satisfy their legitimate need for power and also to repair the grid that we have to accept such power. Whether the answer remains lightwater reactors and HFO supplement or something else in the field of energy, I think is an outstanding question, which I am not prepared to answer today. There would certainly be a need to provide energy to North Korea, part of a comprehensive solution, and there would be a cost associated with that, not only for us but for our partners in the region who are now our partners in KEDO.

Mr. BONNER. Returning to the crisis at hand with regard to the situation in Iraq, it appears that NATO is going to deny military assistance to Turkey, a NATO member, because of its cooperation with the United States preparation for the possible war. It was gratifying that Turkey, despite difficult internal politics, agreed to allow the United States to utilize its bases. I noted in the budget that there is \$200 million requested for Turkey based primarily on its role as a frontline state in the Afghanistan conflict. In view of Turkey's frontline role in Iraq as well and the potential denial of NATO support, will consideration be given to enhancing aid to Turkey either in the '04 bill or in a supplemental?

Secretary POWELL. Yes. On your first point, I don't think it is a given that NATO will deny Turkey. I am hopeful that will find a way forward.

Mr. BONNER. My last question is regarding NATO. Does the denial of support, if it continues, to a member nation undermine the United States' future participation in this organization? I think you have addressed this in other ways.

Secretary POWELL. I think it would be a very bad outcome. I think it would to some extent undermine NATO to the extent that a member nation came before it and said, look, no war has started, we understand that, but in anticipation that we might have a threat, is it unreasonable for to us come before our allies and say give us some help? And 16 of the allies, 15 plus the requesting country say yes, and 3 allies say no, because this would look like we are condoning war, or we are ready to get into the war. That was an unreasonable position for those three nations—France, Germany, and Belgium—to take. Luxembourg also had been in that position but realized it was not the correct position and moved over. But 16 of the nations, to include the requesting country, believe that Turkey has a legitimate need for this support, these services. That is what being a member of an alliance is all about.

I hope that we will find a way for the other three nations, or two at least of the other three nations, if we have to handle it in a slightly different manner, come to that conclusion and will provide to Turkey the support that it needs under the NATO framework. If that turns out to be impossible, we will still find a way to make sure that Turkey is not unsupported.

Mr. BONNER. Thank you again.

Mr. SHAYS. Congressman Neal.

Mr. NEAL. Thanks, Mr. Chairman. Four and a half minutes and I will yield the last 30 seconds to my friend, Mr. Lewis.

Mr. Secretary, you are held in the highest personal and professional regard here and across the country. You have mentioned a very ambitious agenda: more security support for our embassies, more hiring, more foreign aid, rebuilding Iraq, rebuilding Afghanistan. And at the same time, we are talking about permanently repealing the estate tax, companies that move offshore to Bermuda for the purpose of avoiding corporate taxes, a dividend proposal that by all estimates would cost \$370 billion, and coming now, deficits again as far as the eye can see.

Mr. Gutknecht asked a very pertinent question earlier: How are we going to remain consistent to the principle of a balanced budget and pay for all of this?

Secretary POWELL. Sir, there are needs that have to be met by the American people in foreign assistance and our domestic programs.

Mr. NEAL. Which I agree with.

Secretary POWELL. The President believes that the economic plan he has put forward, if enacted, recognizing that we are in a deficit situation for some time, is the best way to approach this problem. And on matters of tax policy, I will have to yield to my colleagues in other parts of the administration to make the case to the Congress that this is the correct way to move forward.

Mr. NEAL. Fair enough, Mr. Secretary. On a positive note, if you were to speak to the British Government, as I am sure you are, or the Irish Government, they would say that it was the American dimension that has brought the Irish peace process to the point that it has reached. This was a great achievement for America in terms of international diplomacy, and bipartisan in nature, Bush I, Clinton, Bush II. Could you comment quickly on where that stands, knowing that your plate is pretty full with Iraq and Afghanistan as well?

Secretary POWELL. Follow it very closely. Ambassador Richard Haass is my special envoy, the President's special envoy to the process. He was in the area last week. He stays in very close touch with all of the different elements that have an interest in this, all the different factions. We are working with the parties to see if we can get this big bang going. We still have some optimism that we might be able to find a solution. It is a difficult situation, but I have somebody who handles this who is an expert and is well regarded.

Mr. NEAL. He is good to work with. Thanks for your personal attention.

I yield the last 30 seconds to Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman, for being so courteous and so patient. Thank you, my friend and seat mate, Mr. Neal. Mr. Secretary, it is good to see you.

Secretary POWELL. Good to see you again, sir.

Mr. LEWIS. Welcome. I don't have a question but I just want to take a moment to thank you for your extraordinary contribution to our own country and to the world community. In addition, I am happy to hear you say that you are going to use some of your resources to make the State Department, embassies, and consulate look more like America and more like the world. Thank you.

Secretary POWELL. Thank you, Mr. Lewis.

Mr. SHAYS. Before having you adjourn, Representative Spratt.

Mr. SPRATT. Mr. Secretary, I am sorry that I could not be here for your opening statement. I did get to hear a lot of the examination. Let me say since I followed your career in my 20 years here, that you have served with distinction in every position of leadership you have held and not the least the one you hold right now.

What you are asking for is a fairly tall order. It is an 11.3-percent increase and \$2.9 billion over last year. We will do our best to provide it, not least because we believe that in your hands it will be handled with good stewardship.

Secretary POWELL. Thank you very much, Mr. Spratt. Thank you for the support that you have provided to me personally through many incarnations over the last years.

Mr. SHAYS. Mr. Secretary, I will say as a new member, the questions of the committee I thought were outstanding, I thought your answers were outstanding. Thank you very much for being here. Our prayers are with you, sir.

Secretary POWELL. Thank you, Mr. Shays.

[Whereupon, at 12:30 p.m., the committee was adjourned.]